As filed with the Securities and Exchange Commission on June 27, 2014

Registration No. 333-193791

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

Amendment No. 3
to

Form S-1

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

Tecogen Inc.

(Exact name of registrant as specified in its charter)

Delaware	**3,585**	**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
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copy to:
Edwin L. Miller Jr.
Kristen A. Young
Sullivan & Worcester LLP
One Post Office Square
Boston, MA 02109
(617) 338-2800/Fax: (617) 338-2880

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date hereof.

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, 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. ☐

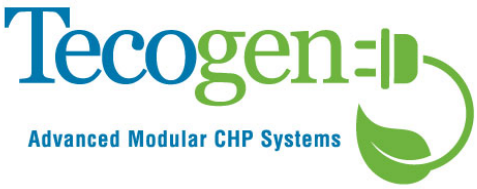
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company:☒

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 this 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 June _, 2014

PRELIMINARY PROSPECTUS



1,134,429 Shares of Common Stock

This prospectus relates to the resale of up to 1,134,429 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.

Our Common Stock is listed on the NASDAQ Capital Market under the symbol "TGEN." The last sale price of our Common Stock on June 25, 2014 was $7.60. Selling stockholders will sell at prevailing market prices or privately negotiated prices.

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. See "Plan of Distribution" beginning on page 62 of this prospectus for more information regarding these arrangements.

Investing in our Common Stock involves a high degree of risk. See "Risk Factors" beginning on page 6 of this prospectus for a discussion of information that should be considered in connection with an investment in our Common Stock.

Neither the Securities and Exchange Commission, nor any state securities commission has approved or disapproved these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

We are an "emerging growth company," as that term is used in the Jumpstart Our Business Startups Act of 2012, the JOBS Act, and, as such, have elected to comply with certain reduced public company reporting requirements for this prospectus and future filings. See "Prospectus Summary - Implications of Being an Emerging Growth Company."

The date of this prospectus is June __, 2014.

TABLE OF CONTENTS

You should rely only on the information contained in this prospectus and any free writing prospectus prepared by or on behalf of us or to which we have referred you. We have not authorized anyone, including the selling stockholders, to provide you with information that is different. The selling stockholders are offering to sell our Common Stock, and seeking offers to buy our Common Stock, only in jurisdictions where offers and sales are permitted.

We further note that the representations, warranties and covenants made by us in any agreement that is filed as an exhibit to the registration statement of which this prospectus forms a part were made solely for the benefit of the parties to such agreement, including, in some cases, for the purpose of allocating risk among the parties to such agreements, and should not be deemed to be a representation, warranty or covenant to you. Moreover, such representations, warranties or covenants were accurate only as of the date when made. Accordingly, such representations, warranties and covenants should not be relied on as accurately representing the current state of our affairs.

For investors outside of the United States: Neither we nor any of the selling stockholders have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. You are required to inform yourselves about and to observe any restrictions relating to this offering and the distribution of this prospectus.

In this prospectus, unless the context otherwise requires, "Tecogen," the "Company," "we," "us," or "our," refer to Tecogen Inc. and its subsidiary.

This prospectus includes statistical, market and industry data and forecasts that we obtained from publicly available information and independent industry publications and reports that we believe to be reliable sources. These publicly available industry publications and reports generally state that they obtain their information from sources that they believe to be reliable, but they do not guarantee the accuracy or completeness of the information. Although we believe that these sources are reliable, we have not independently verified the information contained in such publications.

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.

Company Overview

Tecogen designs, manufactures, sells, and services systems that produce electricity, hot water, and air conditioning for commercial installations and buildings and industrial processes. Our systems, powered by natural gas engines, drive electricity generators or compressors, which reduce the amount of electricity purchased from local utilities. Because our systems are designed to capture waste engine heat, they tend to be more energy efficient since otherwise-wasted energy can be used for water heating, space heating and/or air conditioning. The relative costs of natural gas and electricity at a proposed system site determine whether a system is economically efficient as well as energy efficient. This type of cogeneration technology is referred to as combined heat and power, or CHP.

Tecogen manufactures three types of CHP products:

- Cogeneration units that supply electricity and hot water;
- Chillers that provide air-conditioning and hot water; and
- High-efficiency water heaters.

All of our products are standardized, modular, small-scale CHP products that reduce energy costs, carbon emissions, and dependence on the electric grid. Market drivers include the price of natural gas, local electricity costs, and governmental energy policies, as well as customers' desire to become more socially responsible. Traditional customers for our cogeneration and chiller systems 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; however, the economic feasibility of using our systems is not limited to these customer types. We have shipped approximately 2,000 units, some of which have been operating for almost 25 years. As of June 13, 2014, we have 75 full-time employees and 3 part-time employees, including 6 sales and marketing personnel and 41 service personnel.

Our Technology

Our CHP technology uses low-cost, mass-produced engines manufactured by General Motors Company, or GM, or Ford Motor Company, or Ford, which we modify to run on natural gas. Because our systems are fueled by natural gas, they typically produce lower levels of "criteria" air pollutants (those that are regulated by the Environmental Protection Agency, or EPA, because they can harm human health and the environment) compared with systems fueled by propane, gasoline, distillates, or residual fuel oil. We offer our new advanced emission system, Ultra, as an option in our CHP systems. With Ultra, our CHP products have achieved emission levels that qualify under strict existing and proposed California emission standards. Other emerging technologies, such as fuel cells, may also meet those standards, but we are not aware that any appear economically viable at this time.

Our products are designed as compact modular units that are intended to be applied in multiples when utilized for larger CHP plants. Approximately 68% of our CHP modules are installed in multi-unit sites ranging up to 12 units. This approach has significant advantages over utilizing single, larger units, such as building placement in constrained urban settings and redundancy during service outages. Redundancy is particularly relevant in regions where the electric utility has formulated tariff structures that have high "peak demand" charges. Such tariffs are common in many areas of the United States, and are applied by such utilities as Southern California Edison, Pacific Gas and Electric, Consolidated Edison of New York, and National Grid of Massachusetts. Because these tariffs assess customers' peak monthly demand charge over a very short interval (typically only 15 minutes), a brief service outage for a system comprised of a single unit is highly detrimental to the monthly savings of the system. For multiple unit sites, a full system outage is less likely and consequently these customers have a greater probability of capturing peak demand savings.

Our in-licensed microgrid technology enables our InVerde CHP product to provide backup power in the event of power outages that may be experienced by local, regional, or national grids.

Our 65.0%-owned subsidiary Ilios, Inc., which does business under the name Ilios Dynamics in Massachusetts, or Ilios, has developed and distributes a line of high-efficiency water heaters. Ilios technology is designed to capture available energy in the environment due to ambient temperature differences. The physical laws of thermodynamics determine the portion of this available energy that can be theoretically captured. If the cost of capturing a portion of that available energy is less than the value of that energy, additional system efficiencies may be obtained. Thus, Ilios systems in certain cases may be more efficient than conventional boilers in commercial installations and industrial processes.

Markets, Customers, and Suppliers

Our CHP products are sold directly to customers by our in-house marketing team and by established sales agents and representatives, including American DG Energy Inc., or American DG Energy, and EuroSite Power Inc., or EuroSite Power, which are affiliated companies. Our principal engine supplier is GM, and the other principal components of our CHP systems are also mass-produced. Other than service revenue, our products generally do not produce recurring revenue as they typically constitute a one-time capital expenditure by a customer. We do not consider ourselves dependent on one or a few customers, including our affiliated customers, American DG Energy and EuroSite Power. We strive to obtain long-term service contracts for the products we manufacture through our factory-owned service centers in California, the Midwest, and the Northeast United States. Between 2007 and 2012, approximately 68% of our installations also included service contracts.

Strategy

While we believe that our products and services provide efficient solutions to customers throughout the United States and around the world, our strategy for increased revenue and profitability is to expand our operations in our existing territories where we perceive the demand for our products and services is strongest, and where our products have particular advantages over our competition. Specifically, our CHP systems provide energy-efficient power with technically superior emissions control, while also serving as backup power that may allow customers in some areas to provide surplus power to an electrical grid. Our sales and technical staff operate from our existing service centers in California and the Northeast. These regions have strict emissions regulations, which favor our products equipped with our Ultra low-emission technology. Also, these regions have high peak demand rates, which favor utilization of our modular units in groups so as to assure redundancy and peak demand savings, as discussed above. Some of these regions also have generous rebates that improve the economic viability of our systems. We will also focus on customers that value our microgrid technology that enables the CHP plant to serve the facility to provide backup power during outages. Our sales staff will support our existing sales channels, but will also focus on selling complete design and installation services for customers in these regions. We believe that these design and build services, or turnkey services, will expand our sales significantly because they increase revenue per unit sale substantially, as they include the portion of the sale related to installation. We believe that turnkey installation services will improve our service contract retention from its current rate of 68% between 2007 and 2012, to a near universal proportion. Moreover, we see the turnkey model as a vehicle to expand our service offering to customers to include portions of the system outside of our factory produced module that may improve the long-term operation of the CHP plant. Such items might include ancillary pumps, controls, and heat exchangers, among other components.

Our business model of establishing satellite service, sales, and installation centers will be our strategy in emerging domestic markets such as the mid-Atlantic region and areas in the Midwest. For our overseas markets we will continue to develop regional allies for sales and service, such as EuroSite Power in the United Kingdom, and our analogous allies in other international markets such as Mexico and Australia.

In markets we have identified to focus our attention, we will continue our strategy of engaging the consulting engineering community through direct contact and also through engineering societies and trade shows. Our sales staff will engage building owners and their management companies to explain the energy-efficient products and solutions we offer with the goal of providing comprehensive turnkey installations.

Risks Associated with Our Business

Our business is subject to a number of risks of which you should be aware before making an investment decision. These risks are discussed more fully in the “Risk Factors” section of this prospectus immediately following this prospectus summary. These risks include, but are not limited to, the following:

History of Operating Losses. 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, which may be several years. 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.

Dependence on Key Suppliers. We rely on a small number of key suppliers, and the loss one of them could materially and adversely affect our business. Further, from time to time, shipments to us of key system components can be delayed because of industry-wide or other shortages, and the components we receive may not meet our quality or cost requirements.

Dependence on Technology Development. Our products incorporate proprietary technology, and our future success will depend upon our ability to continue to develop and provide innovative products and product enhancements. The introduction of products embodying new technologies, and the shifting of customer demands or changing industry standards, could render our existing products obsolete and unmarketable.

Changes in governmental regulation could adversely affect us. We operate in a highly regulated business environment, and changes in regulation could impose significant costs on us or could make our products less economical.

The economic viability of our projects depends on the price spread between fuel and electricity. Variability of the price spread between fuel and electricity creates a risk that our projects will not be economically viable and that potential customers will avoid such energy price risks.

There has been a material weakness in our disclosure controls and procedures and in our internal control over financial reporting. Although we consider the size of our accounting staff sufficient to meet our business needs, a need for improved controls and procedures surrounding technical accounting practices, information technology, and financial reporting currently exists.

Our chief executive officer and chief financial officer have responsibilities to affiliated companies. Our key executives spend a significant portion of their time performing management functions for one or more of our affiliated companies. John N. Hatsopoulos is the Company's Chief Executive Officer and is also the Chief Executive Officer of American DG Energy. In the past Mr. Hatsopoulos has spent approximately 50% of his business time on the affairs of the Company. Although such amount varies widely depending on the needs of the business, he has actively fulfilled all his duties as the Company's CEO and feels confident that he will be able to continue fulfilling such duties in the future. Bonnie Brown is the Company's Chief Financial Officer and is also Chief Financial Officer of Ilios, the Company's majority-owned subsidiary.

Recent Developments

The U.S. Patent and Trademark Office, or the U.S. PTO, has issued our patent relating to the assembly and method for reducing nitrogen oxides and hydrocarbons in exhausts of internal combustion engines, which is the underlying process used in our Ultra low-emissions technology. The claims describe a method of operating an engine exhaust treatment system that reduces certain "criteria" pollutants, the common air pollutants determined to be hazardous to human health and regulated under the Environmental Protection Agency's National Ambient Air Quality Standards, to extremely low values by converting most of the toxic compounds in the engine exhaust to benign compounds.

On May 20, 2014, we closed a primary offering of 647,706 shares of our Common Stock with an offering price of $4.75 per share, and our shares began trading on the NASDAQ Capital Market under the symbol "TGEN". We received $3,076,604 of gross proceeds before deducting placement agent fees and offering expenses. Scarsdale Equities LLC served as placement agent in the primary offering.

Implications of Being an Emerging Growth Company

We are an "emerging growth company," as that term is used in the JOBS Act and, for as long as we continue to be an "emerging growth company," we may choose to take advantage of exemptions from various reporting requirements applicable to other public companies but not to "emerging growth companies," including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We could be an "emerging growth company" for up to five years, or until the earliest of (i) the last day of the fiscal year during which our total annual gross revenues equal or exceed $1 billion (subject to adjustment for inflation), (ii) the last day of the fiscal year following the fifth anniversary of our public offering, (iii) the date on which we have, during the previous three-year period, issued more than $1 billion in non-convertible debt, or (iv) the date on which we are deemed a large accelerated filer under the Securities Exchange Act of 1934, or the Exchange Act. We have chosen to "opt out" of the extended transition periods available under the JOBS Act for complying with new or revised accounting standards, and intend to take advantage of the other exemptions.

Corporate History

Tecogen began in the early 1960s as a research division of Thermo Electron Corporation, now Thermo Fisher Scientific Inc., which is a publicly traded company listed on the NYSE under the symbol TMO. 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 September 15, 2000. Our offices are located at 45 First Avenue, Waltham, Massachusetts 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:	1,134,429 shares of Common Stock by the selling stockholders
Common Stock to be outstanding after this offering:	15,809,306 shares[(1)]
Offering price:	Selling stockholders will sell our Common Stock at prevailing market prices or privately negotiated prices. Our Common Stock is listed on the NASDAQ Capital Market under the symbol "TGEN." The last sale price of our Common Stock on June 25, 2014 was $7.60.
Securities issued and to be issued:	15,809,306 shares of our Common Stock were issued and outstanding as of June 25, 2014, 1,134,429 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.

[(1)] Unless we indicate otherwise, Common Stock outstanding after this offering is based on 15,809,306 shares of our Common Stock outstanding as of June 25, 2014 and excludes as of that date the following:

- 1,233,825 shares of Common Stock issuable upon the exercise of stock options outstanding prior to this offering under our stock incentive plan, at a weighted average exercise price of $2.31 per share;
- Zero shares of Common Stock available for future grants under our stock incentive plan;
- 555,556 shares of Common Stock issuable pursuant to senior convertible promissory note with an outstanding principal amount of $3,000,000 and a conversion price of $5.40 per share.

SUMMARY CONSOLIDATED FINANCIAL DATA

The summary consolidated statements of operations data for each of the years ended December 31, 2013 and 2012 and the summary consolidated balance sheet data as of December 31, 2013 and 2012, have been derived from our audited consolidated financial statements that are included elsewhere in this prospectus.

The summary consolidated statements of operations data for the three months ended March 31, 2014 and 2013 and the summary consolidated balance sheet data as of March 31, 2014, have been derived from our unaudited consolidated financial statements that are included elsewhere in this prospectus. The unaudited consolidated financial statements were prepared on the same basis as our audited financial statements. In our opinion, such financial statements include all adjustments, consisting only of normal recurring adjustments that we consider necessary for a fair presentation of the financial information set forth in those statements.

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.

	Audited		*Unaudited*	
Consolidated Statement of Operations Data:	**Year Ended December 31,**		**Three months ended March 31,**	
	2013	**2012**	**2014**	**2013**
Revenues	$ 15,849,869	$ 15,253,972	$ 4,215,757	$ 4,046,318
Cost of sales	10,819,741	9,388,898	2,789,531	2,934,354
Gross profit	5,030,128	5,865,074	1,426,226	1,111,964
Operating expenses				
General and administrative	7,018,133	6,643,120	2,052,126	1,791,703
Selling	1,423,587	1,225,580	421,620	279,370
Aborted public offering costs	258,512	—	—	—
	8,700,232	7,868,700	2,473,746	2,071,073
Loss from operations	(3,670,104)	(2,003,626)	(1,047,520)	(959,109)
Other income (expense)				
Interest and other income	3,958	48,397	3,085	3,946
Interest expense	(141,065)	(71,208)	(34,770)	(23,377)
	(137,107)	(22,811)	(31,685)	(19,431)
Loss before income taxes	(3,807,211)	(2,026,437)	(1,079,205)	(978,540)
Consolidated net loss	(3,807,211)	(2,026,437)	(1,079,205)	(978,540)
Less: Loss attributable to the noncontrolling interest	357,722	389,480	59,160	118,147
Net loss attributable to Tecogen Inc.	$ (3,449,489)	$ (1,636,957)	$ (1,020,045)	$ (860,393)
Net loss per share - basic and diluted	$ (0.26)	$ (0.12)	$ (0.07)	$ (0.07)
Weighted average shares outstanding - basic and diluted	13,385,155	13,135,071	14,796,413	13,212,894

	Audited December 31,		*Unaudited* March 31,
Consolidated Balance Sheet Data:	**2013**	**2012**	**2014**
Cash and cash equivalents	$ 7,713,899	$ 1,572,785	$ 1,946,891
Short-term investments (restricted)	—	181,859	583,720
Working capital	5,565,789	4,078,704	4,608,548
Total assets	17,630,069	9,117,249	13,573,924
Total liabilities	10,564,176	4,334,214	7,542,445
Total stockholders' equity	$ 7,065,893	$ 4,783,035	$ 6,031,479

RISK FACTORS

The shares of Common Stock offered hereby are highly speculative and should be purchased only by persons who can afford to lose their entire investment. You should carefully consider the following risk factors and other information in this prospectus before deciding to purchase 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 "Cautionary Note Concerning Forward-Looking Statements" before deciding whether to invest in our securities.

Our operating history is characterized by net losses. We anticipate incurring 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 experience significant fluctuations in revenues from quarter to quarter due to a preponderance of one-time sales.

We have low volume, high dollar sales for projects that are generally non-recurring, and therefore our sales have fluctuated significantly from period to period. For example, when compared to the previous quarter, our revenues in 2010 decreased during the first, second and fourth quarters and increased during the third quarter. In 2011, our revenue decreased during the first and fourth quarters and increased during the second and third quarters. In 2012, our revenue increased during the first, second and fourth quarters and decreased during the third quarter. In 2013, our revenue increased in the first, third and fourth quarters and decreased in the second quarter. Fluctuations cannot be predicted because they are affected by the purchasing decisions and timing requirements of our customers, which are unpredictable.

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 to us, or if available, may be on terms that are not favorable to us and could result in significant dilution to our stockholders and reduction of the trading price of our stock (if then publicly traded). 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.

We believe that our existing resources, including cash and cash equivalents, future cash flows from operations and the net proceeds from the primary offering of our Common Stock, which closed on May 20, 2014, are sufficient to meet the working capital requirements of our existing business for the next twelve months. After that our cash requirements may increase.

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 penetrate the market rapidly, we would be required to deliver even larger volumes of technically complex products or components to our customers on a timely basis and at a reasonable cost to us. We have never ramped up our manufacturing capabilities to meet large-scale production requirements. If we were to commit to deliver large volumes of products, we may not be able to satisfy these commitments on a timely and cost-effective basis.

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 recession, current unstable economic conditions and limited availability of credit and liquidity could materially and adversely affect our business and results of operations because purchasers of our systems often require third party financing. Purchasers 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 is also difficult.

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

We use third-party suppliers for components in many of our products. Our engine supplier is GM. Our generator supplier for our cogeneration products, other than the InVerde, is Marathon Electric. To produce air conditioning, our engines drive a compressor purchased from J&E Hall International. The loss of one of our suppliers could materially and adversely affect our business, if we are unable to replace them. While alternate suppliers for the manufacture of our engine, generator and compressor have been identified, should the need arise, there can be no assurance that alternate suppliers will be available and able to manufacture our engine, generator or compressor on acceptable terms.

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 expect significant competition for our products and services.

Competition for our products is currently limited (see "Competitive Position and Business Conditions" in the "Business" section of this preliminary prospectus). 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. 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, and therefore, there can be no assurance that we will be successful in this competitive environment.

The Executive Order to accelerate investments in industrial energy efficiency may lead to increased competition.

An Executive Order to accelerate investments in industrial energy efficiency, including CHP, was promulgated in August 2012. The goal of the Executive Order is to supply 40 gigawatts of energy by 2020 from greater efficiency sources such as CHP systems. With this Executive Order, it is expected that a number of barriers to CHP development will be removed with effective programs, policies, and financing opportunities resulting in significant new capital investment in CHP. This initiative by the U.S. government may lead to increased competition in the CHP market.

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 continue to develop and provide innovative products and product enhancements that meet the increasingly sophisticated needs of our customers.

However, this requires that we successfully anticipate and respond to technological changes in design and manufacturing processes in a cost-effective and timely manner. 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.

The introduction of products embodying new technologies, and the shifting of customer demands or changing industry standards, could render our existing products obsolete and unmarketable. 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.

Our intellectual property may not be adequately protected.

We seek to protect our intellectual property rights through patents, trademarks, copyrights, trade secret laws, confidentiality agreements, and licensing arrangements, but we cannot ensure that we will be able to adequately protect our technology from misappropriation or infringement. We cannot ensure that our existing intellectual property rights will not be invalidated, circumvented, challenged, or rendered unenforceable.

We have applied for and obtained patents on certain key components used in our products. Specifically, the Company holds three patents, all of which are utilized in our products. The first patent, from 2007, protects the incorporation of an inverter into an engine-driven CHP module and applies to our InVerde model. The second patent, also from 2007, pertains to algorithms used for combustion control in our engines. Our third patent, issued October 2013 in the United States, is for our Ultra low-emissions technology. This Ultra technology applies to all of our gas engine-driven products and may have licensing application to other natural gas engines. In addition, we have rights to a 2006 University of Wisconsin patent enabling us to use that patent's microgrid control algorithms for our specific use: engine-based power generation fueled by natural gas and diesel for engines less than 500 kW in electric power output.

We have also filed for patents for our Ultra low-emissions technology in Europe, Australia, Brazil, Canada, China, Costa Rica, the Dominican Republic, India, Israel, Japan, Mexico, New Zealand, Nicaragua, Republic of Korea, Singapore, and South Africa. As discussed under Recent Developments, the U.S. PTO has issued our patent. There is no assurance, however, that the Ultra low-emissions patent applications will be approved in any other countries.

Our competitors may successfully challenge the validity of our patents, design non-infringing products, or deliberately infringe our patents. There can be no assurance that other companies are not investigating or developing other similar technologies. In addition, our intellectual property rights may not provide a competitive advantage to us or ensure that our products and technology will be adequately covered by our patents and other intellectual property. Any of these factors or the expiration, termination, or invalidity of one or more of our patents may have a material adverse effect on our business.

Our control software is protected by copyright laws or under an exclusive license agreement. Further, we rely on treatment of our technology as trade secrets through confidentiality agreements, which our employees and vendors are required to sign. 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 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. 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 would 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.

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, but 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 occurrence 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.

Certain businesses and consumers might not consider cogeneration solutions as a means for obtaining their electricity and power needs.

Generating electricity and heat at the customers' building (on-site CHP) is an established technology, but it is more complex than buying electricity from the utility and using a furnace for heat. Customers have been slow to accept on-site CHP in part because of this complexity. In addition, the development of a larger market for our products will be impacted by many factors that are out of our control, including cost competitiveness, regulatory requirements, and the emergence of newer and potentially better technologies and products. If a larger market for cogeneration technology in general and our products in particular fails to grow substantially, we may be unable to continue our business.

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

Several kinds of government regulations – at federal, state, and local levels and in other countries – affect our current and future business (see "Government Regulation and Its Effect on Our Business" in the "Business" section of this preliminary prospectus). Our products must comply with various local building codes and must undergo inspection by local authorities. Our products are also certified by a third party to conform to specific standards. These certifications require continuous verification by a company that monitors our processes and design every three months. Our InVerde product is also certified to Europe's standard CE mark (European Conformity), which is mandatory for products imported into the European Union for commercial sale. If our products ceased to meet the criteria necessary for the applicable certifications, we may lose the ability to sell our products in certain jurisdictions, which may materially and adversely affect our business.

Regulatory agencies may further impose special requirements for the implementation and operation of our products that could significantly affect or even eliminate some of our target markets. We also may incur material costs or liabilities in complying with future government regulations. Furthermore, our potential utility customers must themselves comply with numerous laws and regulations, which may be complicated by further deregulation of the utility industry. We cannot determine how such deregulation 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.

Utilities or governmental entities could hinder our entry into and growth in the marketplace, and we may not be able to effectively sell our products.

Utilities or governmental entities on occasion have placed barriers to the installation of our products or their interconnection with the electric grid, and they may continue to do so. Utilities may charge additional fees to customers who install on-site CHP and rely on the grid for back-up power. These types of restrictions, fees, or charges could make it harder for customers to install our products or use them effectively, as well as increasing the cost to our potential customers. This could make our systems less desirable, thereby adversely affecting our revenue and other operating results.

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 assure you that we will be able to achieve any such production cost reductions. Our failure to do so 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.

Our affiliates American DG Energy and EuroSite Power Inc. have certain exclusive sales representation rights to our cogeneration products only (not including chillers) and exclusive rights to our Ultra low-emissions technology if it is applied to engines from other CHP manufacturers in projects developed by American DG Energy (see "The Company and Its Affiliates" in the "Business" section of this preliminary prospectus). As a result of these agreements, we have limited control over our distribution of certain products in New England, 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 these prices creates a risk that our projects will not be economically viable and that potential customers will avoid such energy price risks.

The economic viability of our CHP products depends on the spread between natural gas fuel and electricity prices. Volatility in one component of the spread, such as the cost of natural gas and other fuels (e.g., propane or distillate oil), can be managed to some extent by means of futures contracts. However, the regional rates charged for both base load and peak electricity may decline periodically due to excess generating capacity or general economic recessions.

Our products could become less competitive if electric rates were to fall substantially in the future. Also, potential customers may perceive the unpredictable swings in natural gas and electricity prices as an increased risk of investing in on-site CHP, and may decide not to purchase CHP 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.

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 may be limited due to periods of fluctuating financial markets and periods of disruption and recession. We may be affected by unknown future market conditions.

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 the markets in which we operate. Potential future economic conditions including an unstable global economy could adversely impact our business in 2014 and beyond.

The current unstable economic conditions could adversely impact our business in 2014 and beyond, resulting in reduced demand for our products, increased rate of order cancellations or delays, increased risk of supplier bankruptcy, increased rate of supply order cancellation 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

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.

Furthermore, the stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. These fluctuations often have been unrelated or disproportionate to the operating performance of those companies. These broad market and industry fluctuations, as well as general economic, political, and market conditions such as recessions, interest rate changes, or international currency fluctuations, may negatively impact the market price of shares of our Common Stock. In addition, such fluctuations could subject us to securities class action litigation, which could result in substantial costs and divert our management's attention from other business concerns, which could potentially harm our business. If the market price of shares of our Common Stock after this offering does not exceed the public offering price, you may not realize any return on your investment in us and may lose some or all of your investment.

Our failure to meet the continued listing requirements of The NASDAQ Capital Market could result in a de-listing of our Common Stock.

If after listing we fail to satisfy the continued listing requirements of The NASDAQ Capital Market, such as the corporate governance requirements or the minimum closing bid price requirement, NASDAQ may take steps to de-list our Common Stock. Such a de-listing would likely have a negative effect on the price of our Common Stock and would impair your ability to sell or purchase our Common Stock when you wish to do so. In the event of a de-listing, we would take actions to restore our compliance with NASDAQ's listing requirements, but we can provide no assurance that any such action taken by us would allow our Common Stock to become listed again, stabilize the market price or improve the liquidity of our Common Stock, prevent our Common Stock from dropping below the NASDAQ minimum bid price requirement or prevent future non-compliance with NASDAQ's listing requirements.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our share price and trading volume could decline.

The trading market for our Common Stock will depend on the research and reports that securities or industry analysts publish about us or our business. We do not have any control over these analysts. There can be no assurance that analysts will cover us, or provide favorable coverage. If one or more analysts downgrade our stock or change their opinion of our stock, our share price would likely decline. In addition, if one or more analysts cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our share price or trading volume to decline.

Purchasers in this offering may be paying a price per share that is substantially higher than the current book value of the shares of Common Stock.

The book value of the Company's Common Stock at December 31, 2013 was $6,071,696. The book value of shares purchased by buyers in this offering may be substantially less than the price paid for them. To the extent outstanding options to purchase shares of Common Stock are exercised, the book value of the outstanding Common Stock of the Company may be reduced.

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 the percentage ownership interest of holders of our securities, which would have the effect of reducing their influence on matters on which our stockholders vote, and might dilute the book value of our Common Stock. Investors in our securities 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.

We may be subject to securities litigation, which is expensive and could divert management attention.

Our share price may be volatile, and in the past companies that have experienced volatility in the market price of their stock have been subject to an increased incidence of securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert our management's attention from other business concerns, which could seriously harm our business.

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.

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 stockholders of shares of Common Stock in the market or the perception that these sales could occur. As a result, such sales could significantly impact the trading price of our Common Stock and the ability of other stockholders to sell shares of our Common Stock. 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 the sole source of gain for our stockholders 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 N. Hatsopoulos and John N. Hatsopoulos, our Chief Executive Officer and a director, beneficially own approximately 46.0% 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. This concentration of voting power could delay or prevent an acquisition of us on terms that other stockholders may desire. The interests of this group of stockholders may not always coincide with your interests or the interests of other stockholders and they may act in a manner that advances their best interests and not necessarily those of other stockholders, including seeking a premium value for their Common Stock, which might affect the prevailing market price for our Common Stock.

Further, if John Hatsopoulos or George Hatsopoulos were to sell a substantial portion of their shares in the Company, it may have a material adverse effect on the business of the Company, and substantial sales of their Common Stock may result in a decline in the market price of our Common Stock.

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 our fiscal year end, December 31, 2013, our principal executive officer and principal accounting officer 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 December 31, 2013. 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 that 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 may 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.

The JOBS Act allows us to postpone the date by which we must comply with certain laws and regulations and reduces the amount of information provided by us in reports filed with the SEC. We cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our Common Stock less attractive to investors.

We are and we will remain an "emerging growth company", as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, until the earliest to occur of (i) the last day of the fiscal year during which our total annual gross revenues equal or exceed $1 billion (subject to adjustment for inflation), (ii) the last day of the fiscal year following the fifth anniversary of our initial public offering, (iii) the date on which we have, during the previous three-year period, issued more than $1 billion in non-convertible debt, or (iv) the date on which we are deemed a large accelerated filer under the Exchange Act.

For so long as we remain an emerging growth company we are not required to:

- have an auditor report on our internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act;
- comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements (i.e., an auditor discussion and analysis);
- submit certain executive compensation matters to shareholder non-binding advisory votes;
- submit for shareholder approval golden parachute payments not previously approved; and
- disclose certain executive compensation related items such as the correlation between executive compensation and financial performance and comparisons of the Chief Executive Officer's compensation to median employee compensation, when such disclosure requirements are adopted.

In addition, Section 107 of the JOBS Act also provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended, or the Securities Act, for complying with new or revised accounting standards. An emerging growth company can therefore delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. However, we have chosen to "opt out" of such extended transition period, and as a result, we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies. Section 107 of the JOBS Act provides that our decision to opt out of the extended transition period for complying with new or revised accounting standards is irrevocable.

We cannot predict if investors will find our Common Stock less attractive because we may rely on some of these exemptions. If some investors find our Common Stock less attractive as a result, there may be a less active trading market for our Common Stock and our stock price may be more volatile. If we avail ourselves of certain exemptions from various reporting requirements, our reduced disclosure may make it more difficult for investors and securities analysts to evaluate us and may result in less investor confidence.

We will incur significantly increased costs and devote substantial management time as a result of operating as a public company particularly after we are no longer an "emerging growth company."

As a public company, incur significant legal, accounting and other expenses that we did not incur as a private company. For example, we are required to comply with certain of the requirements of the Sarbanes-Oxley Act and the Dodd-Frank Wall Street Reform and Consumer Protection Act, as well as rules and regulations subsequently implemented by the SEC, and The NASDAQ Capital Market, including the establishment and maintenance of effective disclosure and financial controls and changes in corporate governance practices. We expect that compliance with these requirements will increase our legal and financial compliance costs and will make some activities more time consuming and costly. In addition, we expect that our management and other personnel will need to divert attention from operational and other business matters to devote substantial time to these public company requirements. In particular, we expect to incur significant expenses and devote substantial management effort toward ensuring compliance with the requirements of Section 404 of the Sarbanes-Oxley Act.

As noted above, for as long as we remain an "emerging growth company" as defined in the JOBS Act, we intend to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies." However, after we are no longer an "emerging growth company," we expect to incur additional management time and cost to comply with the more stringent reporting requirements applicable to companies that are deemed accelerated filers or large accelerated filers, including complying with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act. We cannot predict or estimate the amount of additional costs we may incur as a result of becoming a public company or the timing of such costs.

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 an auditor report on our internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act;
- 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;
- the attraction and retention of qualified employees and key personnel; and
- price fluctuations of our Common Stock and market volatility.

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.

DIVIDEND POLICY

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.

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.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and our capitalization as of March 31, 2014:

- on an actual basis;

You should read this table in conjunction with the sections titled “Selected Consolidated Financial Data” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our financial statements and related notes included elsewhere in this prospectus.

	March 31, 2014 *(unaudited)*	December 31, 2013 *(audited)*
Cash and cash equivalents	$ 1,946,891	$ 7,713,899
Short term investments	583,720	—
Convertible Debentures	3,000,000	3,000,000
Demand notes payable	—	2,950,000
Common Stock, par value $0.001 per share - 100,000,000 shares authorized; 15,155,200 issued shares, actual; and 15,156,600 issued shares;	15,162	15,155
Additional paid-in capital	22,508,013	22,463,996
Accumulated deficit	(16,229,257)	(15,209,212)
Noncontrolling interest	(262,439)	(204,046)
Total shareholders’ equity	$ 6,031,479	$ 7,065,893
Total capitalization	$ 6,031,479	$ 7,065,893

	May 31, 2014 *(unaudited)*
Cash and cash equivalents	$ 3,686,959
Short term investments	583,720
Convertible Debentures	3,000,000

BUSINESS

Overview

Tecogen designs, manufactures, sells, and services systems that produce electricity, hot water, and air conditioning for commercial installations and buildings and industrial processes. These systems, powered by natural gas engines, are efficient because they drive electric generators or compressors, which reduce the amount of electricity purchased from the utility, plus they use the engine's waste heat for water heating, space heating, and/or air conditioning at the customer's building. We call this cogeneration technology CHP for combined heat and power.

Tecogen manufactures three types of CHP products:

- Cogeneration units that supply electricity and hot water;
- Chillers that provide air-conditioning and hot water; and
- High-efficiency water heaters.

All of these are standardized, modular, small-scale CHP products that reduce energy costs, carbon emissions, and dependence on the electric grid. Market drivers include the price of natural gas, local electricity costs, and governmental energy policies, as well as customers' desire to become more socially responsible. Traditional customers for our cogeneration and chiller systems 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; however, the economic feasibility of using our systems is not limited to these customer types. Through our factory-owned service centers in California, New York, Massachusetts, Connecticut, New Jersey, and Michigan our specialized technical staff maintain our products through long-term contracts. We have shipped approximately 2,000 units, some of which have been operating for almost 25 years. We have 75 full-time employees and 3 part-time employees, including 6 sales and marketing personnel and 41 service personnel.

Our CHP technology uses low-cost, mass-produced engines manufactured by GM and Ford, which we modify to run on natural gas. In the case of our mainstay cogeneration and chiller products, the engines have proved to be cost-effective and reliable. In 2009, our research team developed a low-cost process for removing air pollutants from the engine exhaust. Because these systems are fueled by natural gas, they typically produce lower levels of "criteria" air pollutants (those that are regulated by the EPA, because they can harm human health and the environment) compared with systems fueled by propane, gasoline, distillates, or residual fuel oil. We offer our new Ultra low-emissions technology as an option in our CHP systems.

After a successful field test of more than a year, in 2012 we introduced the technology commercially as an option for all of our products under the trade name Ultra, which was recently patented in the US in October 2013. The Ultra low-emissions technology repositions our engine-driven products in the marketplace, making them comparable environmentally with emerging technologies such as fuel cells, but at a much lower cost and greater efficiency.

Our products are designed as compact modular units that are intended to be applied in multiples when utilized for larger CHP plants. Approximately 68% of our CHP modules are installed in multi-unit sites ranging up to 12 units. This approach has significant advantages over utilizing single, larger units, such as building placement in constrained urban settings and redundancy during service outages. Redundancy is particularly relevant in regions where the electric utility has formulated tariff structures that have high "peak demand" charges. Such tariffs are common in many areas of the country, and are applied by such utilities as Southern California Edison, Pacific Gas and Electric, Consolidated Edison of New York, and National Grid of Massachusetts. Because these tariffs assess customers' peak monthly demand charge over a very short interval (typically only 15 minutes), a brief service outage for a system comprised of a single unit is highly detrimental to the monthly savings of the system. For multiple unit sites, a full system outage is less likely and consequently these customers have a greater probability of capturing peak demand savings.

Our in-licensed microgrid technology enables our InVerde CHP products to provide backup power in the event of power outages that may be experienced by local, regional, or national grids.

Our CHP products are sold directly to customers by our in-house marketing team and by established sales agents and representatives, including American DG Energy and EuroSite Power which are affiliated companies. We have shipped approximately 2,000 units, some of which have been operating for almost 25 years. Our principal engine supplier is GM, and our principal generator supplier is Marathon Electric. To produce air conditioning, our engines drive a compressor purchased from J&E Hall International.

In 2009, we created a subsidiary, Ilios, to develop and distribute a line of high-efficiency heating products, starting with a water heater. We believe that these products are much more efficient than conventional boilers in commercial buildings and industrial processes (see "Our Products" below). As of the date of this filing, we own a 63.7% interest in Ilios.

Tecogen was formed in the early 1960s as the Research and Development New Business Center of Thermo Electron Corporation, which is now Thermo Fisher Scientific Inc. For the next 20 years, this group performed fundamental and applied research in many energy-related fields to develop new technologies. During the late 1970s, new federal legislation enabled electricity customers to sell power back to their utility. Thermo Electron saw a fit between the technology and know-how it possessed and the market for cogeneration systems.

In 1982, the Research and Development group released its first major product, a 60-kilowatt, or kW, cogenerator. In the late 1980s and early 1990s, they introduced air-conditioning and refrigeration products using the same gas engine-driven technology, beginning with a 150-ton chiller (tons are a measure of air-conditioning capacity). In 1987, Tecogen was spun out as a separate entity by Thermo Electron and, in 1992, Tecogen became a division of the newly formed Thermo Power Corporation.

In 2000, Thermo Power Corporation was dissolved, and Tecogen was sold to private investors including Thermo Electron's original founders, Dr. George N. Hatsopoulos and John N. Hatsopoulos. Tecogen Inc. was incorporated in the State of Delaware on September 15, 2000. Our business and registered office is located at 45 First Avenue, Waltham, Massachusetts, 02451. Our telephone number is 781-466-6400.

Industry Background

During the 20th century, fossil-fuel power plants worldwide evolved toward large, complex central stations using high-temperature steam turbines. This technology, though steadily refined, reached a maximum efficiency of about 40% that persists to this day. As used throughout, efficiency means electrical energy output per unit of fuel energy input. According to the EPA website, the average efficiency of fossil-fuel power plants in the United States is 33% and has remained virtually unchanged for four decades.

According to a 2002 report from the Northwest Power Planning Council, titled "Natural Gas Combined-cycle Gas Turbine Power Plants," the best efficiency obtainable at the time of the report was about 50% from a combined-cycle steam turbine. More recent reports have expressed that comparable efficiency rates are obtainable from a fuel cell. A combined-cycle system incorporates a second turbine powered by exhaust gases from the first turbine. Large-scale replacement of existing power plants with combined-cycle technology would require considerable capital investment and time. Fuel cells have high capital costs as well.

CHP, which harnesses waste energy from the power generation process and puts it to work on-site, can boost the efficiency of energy conversion to nearly 90%, a better than two-fold improvement over the average efficiency fossil fuel plant.

The implications of the CHP approach are significant. If CHP were applied on a large scale, global fuel usage might be curtailed dramatically. Small on-site power systems, in sizes like boilers and furnaces, would serve customers ranging from homeowners to large industrial plants. This is described as "distributed" energy, in contrast to central power.

CHP became recognized in the late 1970s as a technology important to aiding the reduction of fossil fuel consumption, pollution, and grid congestion. Since then, CHP has been applied increasingly around the world. According to a report by the International Energy Agency, or IEA, titled "Cogeneration and District Energy: Sustainable energy technologies for today...and tomorrow (2009), " the value of CHP technology to customers and policy makers stems from the fact that CHP systems are "inherently energy efficient and produce energy where it is needed."

According to the IEA report, the benefits of CHP include:

- Dramatically increased fuel efficiency;
- Reduced emissions of carbon dioxide (CO_2) and other pollutants;
- Cost savings for the energy consumer;
- Reduced need for transmission and distribution networks; and
- Beneficial use of local energy resources, providing a transition to a low-carbon future.

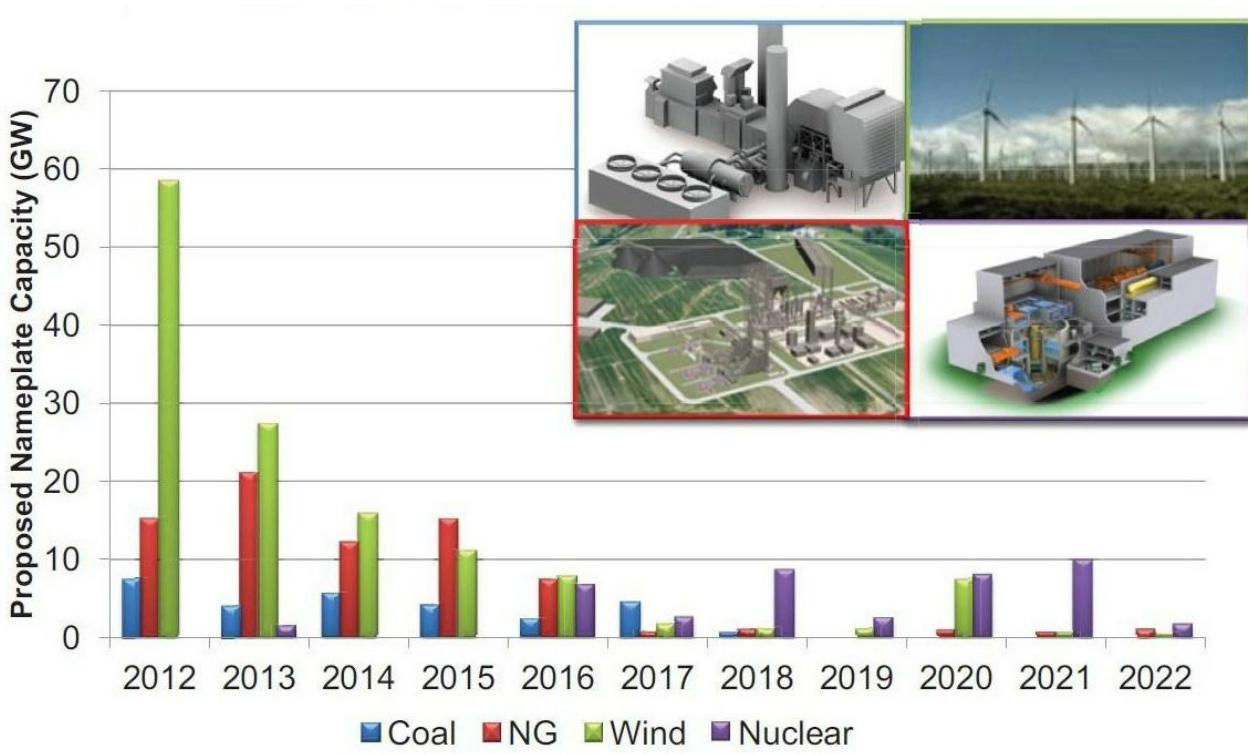
CHP generates about 10% of the world's electricity. According to the IEA report, CHP could supply up to 24% of the energy generation of the Group of Eight + Five countries, while meeting 40% of Europe's target reductions in carbon emissions.

In the United States, CHP represents only about 8% of the generating capacity. A paper issued by the United States Department of Energy, or DOE, in 2012, Combined Heat and Power, A Clean Energy Solution, states that CHP is an underutilized resource. On August 30, 2012, the White House issued an executive order, or the Executive Order, aimed at promoting investments in industrial energy efficiency, including CHP, and established a national goal of deploying 40 GW (or 40,000 megawatts, or MW) of new CHP in the United States by 2020.

On-site CHP not only eliminates the loss of electric power during transmission, but also offsets the capital expense of upgrading or expanding the utility infrastructure. The national electric grid is already challenged to keep up with existing power demand. The grid consists of power generation plants as well as the transmission and distribution network consisting of substations and wires.

Power plants are aging, and plans for new power plants are on the decline (Figure 1). According to the U.S. Energy Information Administration's " Form EIA-860 Annual Electric Generator Report (2010)," the average age of a U.S. coal-fired power plant is 44 years. Coal plants account for about 40% of the nation's generation capacity.

Figure 1 — Proposed U.S. New Capacity: Coal, Natural Gas, Wind, and Nuclear
Source: ***National Energy Technology Laboratory, Tracking New Coal Fired Power Plants (2012).***



In addition, the transmission and distribution network is operating at capacity in urban areas. Decentralizing power generation by installing equipment at customer sites not only relieves the capacity burden on existing power plants, but also unburdens transmission and distribution lines. This ultimately improves the grid's reliability and reduces the need for costly upgrades. Consolidated Edison, Inc., the electric utility of New York City and surrounding areas, has identified an opportunity to integrate energy efficiency, distributed generation, and demand response as a way to defer new infrastructure investments, according to the utility's 2010 long-range plan.

We believe that increasingly favorable economic conditions could improve our business prospects domestically and abroad. Specifically, we believe that natural gas prices might increase from their current depressed values, but only modestly, while electric rates could go up over the long-term as utilities pay for better emission controls, efficiency improvements, and the integration of renewable power sources. The net result of relative gas and electric prices could be greater cost savings and annual rates of return to CHP customers.

Moreover, we believe that natural gas could win favor politically as a domestic fuel with low carbon emissions. Government policy, both here and abroad, might promote CHP as a way to conserve natural resources and reduce carbon and toxic emissions. Renewable wind and solar sources could encounter practical limitations, while nuclear power is likely to be affected by its safety setbacks.

Tecogen's 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 systems 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.

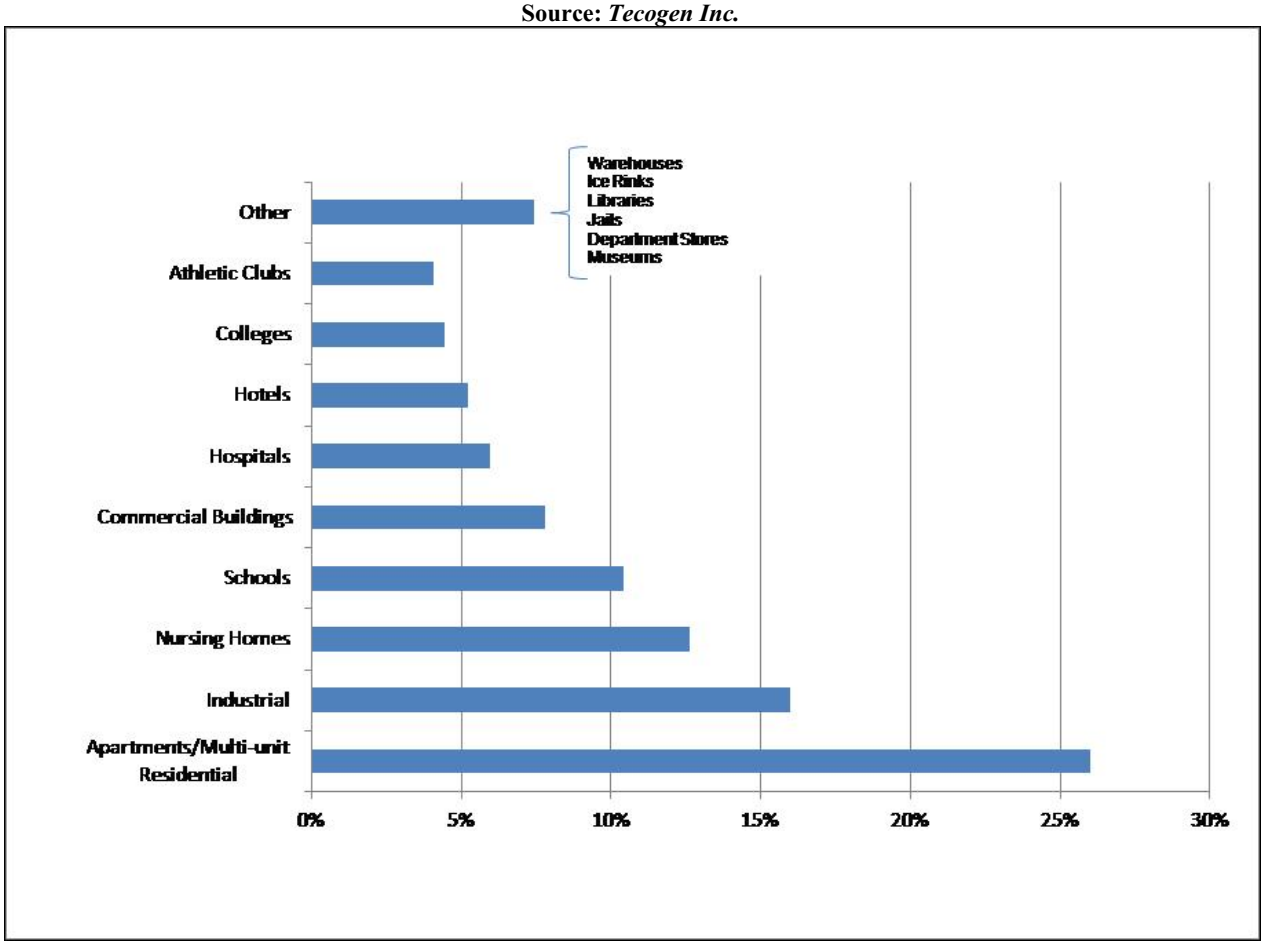
Traditional customers for our chillers overlap with those for our cogeneration systems. Chiller applications include schools, hospitals and nursing homes, office and apartment buildings, hotels, retailers, ice rinks and industrial facilities. Engine-driven chillers are utilized as replacements for aging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

The Company believes 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 customers in states with high electricity rates in the commercial sector, such as California, Connecticut, Massachusetts, New Hampshire, New Jersey, and New York. These regions also have high peak demand rates, which favor utilization of our modular units in groups so as to assure redundancy and peak demand savings, as discussed above. Some of these regions also have generous rebates that improve the economic viability of our systems.

As stated earlier, the U.S. government's goal, according to the Executive Order, is to deploy 40 GW (40,000 MW) of new CHP in the United States by 2020. In order to estimate the share of that new deployment of CHP that is addressable by products in our size range, we reference a study done by ICF International on the California market that breaks down projected market penetration by kW output range. According to the April 2010 Combined Heat and Power Market Assessment, prepared for the California Energy Commission, in 2029, new CHP in the size range of our products (50 kW to 500 kW), is projected to be 476 MW in the base case, or 684 MW if incentives such as carbon credits and power export credits are considered. This size range constitutes 17.4% of the total California market potential in the base case, or 11% in the case with incentives. If we assume California's apportionment of small size CHP is applicable to the country, and conservatively extend the government's goal of 40,000 MW to 2029, we can estimate the U.S. market addressable by our products as 17.4% of 40,000 MW in the base case (11% with incentives) which amounts to 6,972 MW (4,416 MW with incentives). If we assume we can capture 30% of the market for CHP products in the size range of 50 kW to 500 kW, we can estimate that our potential for new unit sales over the next twenty years is between 13,250 and 20,920 InVerde (100 kW) units, or approximately $1.5 to $2.4 billion in revenue, at $112,500 per unit.

The largest market sectors identified by ICF that are suitable for our products closely match our sales data from January 2007 through June 2012 (Figure 2).

Figure 2 — Tecogen Customer Distribution (CHP and Engine-Driven Chiller Systems)
From January 2007 through June 2012
Source: *Tecogen Inc.*



The ICF report reveals CHP's relatively low existing market penetration in the smaller system sizes. Given that multi-megawatt CHP is already well-established (Table 1), the market opportunity increases as size decreases. Small systems (less than one MW) may grow almost six-fold. The missed opportunity is evident and likely even more disproportionate nationally. Most areas of the country, except the Northeast, are essentially without significant market penetration of small-scale (less than 500 kW) CHP systems.

Table 1 — CHP Market Penetration by Size in California and Potential Through 2029

Source: ICF International, Combined Heat and Power Market Assessment (2010)

System Size (MW)	<1	1 - 4.9	5 – 19.9	>20
2009 Inventory (MW)	200	350	750	7,900
New Potential Through 2029 (MW)	1,138	1,279	764	3,015
Relative Growth Potential (%)	569%	365%	102%	38%

The DOE/EPA report confirms that CHP is a "largely untapped resource" and states that there is significant technical market potential for CHP at commercial and institutional facilities at just over 65 GW. This report also indicates that there was a significant decline in CHP in the early 2000s due to deregulation of the power markets that resulted in market uncertainty and delayed energy investments. However, a significant rebound and expansion of the CHP market may occur because of the following emerging drivers:

- Changing outlook for natural gas supply and pricing as a result of shale exploration;
- Growing state policymaking and support; and
- Changing market conditions for the power and industrial sectors such as ageing power plants and boilers, as well as more strict air regulations.

We intend to seek both domestic and international customers in areas where utility pricing and government policy align with our advantages. These areas would include regions that have strict emissions regulations, such as California, or those that reward CHP systems that are especially non-polluting, such as New Jersey. There are currently 23 states that recognize CHP as part of their Renewable Portfolio Standards or Energy Efficiency Resource Standards and several of them, including New York, California, Massachusetts, New Jersey, and North Carolina, have initiated specific incentive programs for CHP (DOE/EPA report).

Our new microgrid capability, where multiple InVerde units can be seamlessly isolated from the main utility grid in the event of an outage and re-connected to it afterward, will likewise be exploited wherever utilities have resisted conventional generator interconnection but have conceded to UL-certified inverters (such as Consolidated Edison in New York and Pacific Gas and Electric Company in California). Because our InVerde systems operate independently from the grid, we also plan to exploit the need for outage security in certain market segments. These segments include military bases, hospitals, nursing homes, and hotels.

As noted above in "Industry Background," the IEA report estimates that power from CHP produced by the Group of Eight + Five countries, currently at 10%, could increase to 24% under a best-case scenario. We hope to participate in a robust international market, which we believe will be as large as or larger than the domestic market.

Alliances

We continue to forge alliances with utilities, government agencies, universities, research facilities, and manufacturers. We have already succeeded in developing new technologies and products with several entities, including:

- General Motors Company — supplier of raw materials pursuant to a supplier agreement since the development of our cogeneration product in the early 1960s.
- Sacramento Municipal Utility District — has provided test sites for the Company since 2010.
- Southern California Gas Company and San Diego Gas & Electric Company, each a Sempra Energy subsidiary — have granted us research and development contracts since 2004.
- Lawrence Berkeley National Laboratory — research and development contracts since 2005.
- Consortium for Electric Reliability Technology Solutions — research and development contracts and provided a test site to the Company since 2005.
- California Energy Commission — research and development contracts from 2004 until March 2013.
- The AVL California Technology Center — support role in performance of research and development contracts as well as internal research and development on our emission control system from August 2009 to November 2011.

We also have an exclusive licensing agreement from the Wisconsin Alumni Research Foundation (WARF) for its proprietary control software that enables our microgrid system. The software allows our products to be integrated as a microgrid, where multiple InVerde units can be seamlessly isolated from the main utility grid in the event of an outage and re-connected to it afterward. The licensed software allows us to implement such a microgrid with minimal control devices and associated complexity and cost. Tecogen pays WARF a royalty for each cogeneration module sold using the licensed technology. Such royalty payments have been in the range of $5,000 to $20,000 on an annual basis through the year ended December 31, 2013. In addition, WARF reserved the right to grant non-profit research institutions and governmental agencies non-exclusive licenses to practice and use, for non-commercial research purposes technology developed by Tecogen that is based on the licensed software.

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 varies by utility, but could include simplified interconnection, joint marketing, ownership options, peak demand mitigation agreements, and customer services. We have commissioned a microgrid with the Sacramento Municipal Utility District at its headquarters in Sacramento, California, where the central plant incorporated three InVerde systems equipped with our Ultra low-emissions technology. Some expenses for this project were reimbursed to the utility through a grant from the California Energy Commission.

Certain components of our InVerde product were developed through a grant from the California Energy Commission. This grant includes a requirement that we pay royalties on all sales of all products related to the grant. As of December 31, 2012, such royalties accrued in accordance with this grant agreement were less than $10,000 on an annual basis.

We also continue to leverage our resources with government and industry funding, which has yielded a number of successful developments. These include the Ultra low-emissions technology, sponsored by the California Energy Commission and Southern California Gas Company, and new 35-kW engine technology we developed with the California Energy Commission's support.

Pursuant to the terms of the grants from the California Energy Commission, the California Energy Commission has a royalty-free, perpetual, non-exclusive license to these technologies, for government purposes.

For the years ended December 31, 2013 and 2012, we spent approximately $866,700 and $384,500, respectively, in research and development activities, of which $127,500 and $126,500, was reimbursed through a grant agreement, respectively.

Tecogen's Solution

Our CHP products address the inherent efficiency limitation of central power plants by siting generation close to the loads being served. This allows customers with energy-intensive buildings or processes to reduce energy costs and operate with a lower carbon footprint. Furthermore, with technology we have introduced within the last two years, such as our *Ultra* low-emissions technology our products can now contribute to better air quality at the local level.

According to our estimates and public sources, our cogeneration systems convert nearly 90% of the natural gas fuel to useful energy in the form of electricity and hot water or space heat. This compares to about 40% for central power. Other on-site upgrades such as insulation or lighting can help cut energy use as well, but they do not displace nearly as much low-efficiency electricity. Our engine-driven chillers, when the waste heat is effectively used, offer similar efficiency benefits compared with running an electric chiller plus a furnace or boiler.

Cogeneration and chiller products can often reduce the customer's operating costs (for the portion of the facility loads to which they are applied) by approximately 30% to 50% based on Company estimates, which provides an excellent rate of return on the equipment's capital cost in many areas of the country with high electricity rates. Our chillers are especially suited to regions where utilities impose extra charges during times of peak usage, commonly called "demand" charges. In these cases, the gas-fueled chiller reduces the use of electricity during the summer, the most costly time of year.

Our water heater product, introduced by Ilios, operates like an electric heat pump but uses a natural gas engine instead of an electric motor to power the system (see "Our Products" for an explanation of the heat pump). The gas engine's waste heat is recovered and used in the process, unlike its electric counterpart, which runs on power that has already lost its waste heat. As of December 31, 2013 , we have shipped eight Ilios water heaters and have additional two in inventory to fulfill current orders.

The net effect is that our heat pump's efficiency far surpasses that of conventional boilers for water heating. Similarly, if used for space heating, the engine-powered heat pump would be more efficient than an electric heat pump, again because heat is recovered and used. The product's higher efficiency translates directly to lower fuel consumption and, for heavy use customers, significantly lower operating costs.

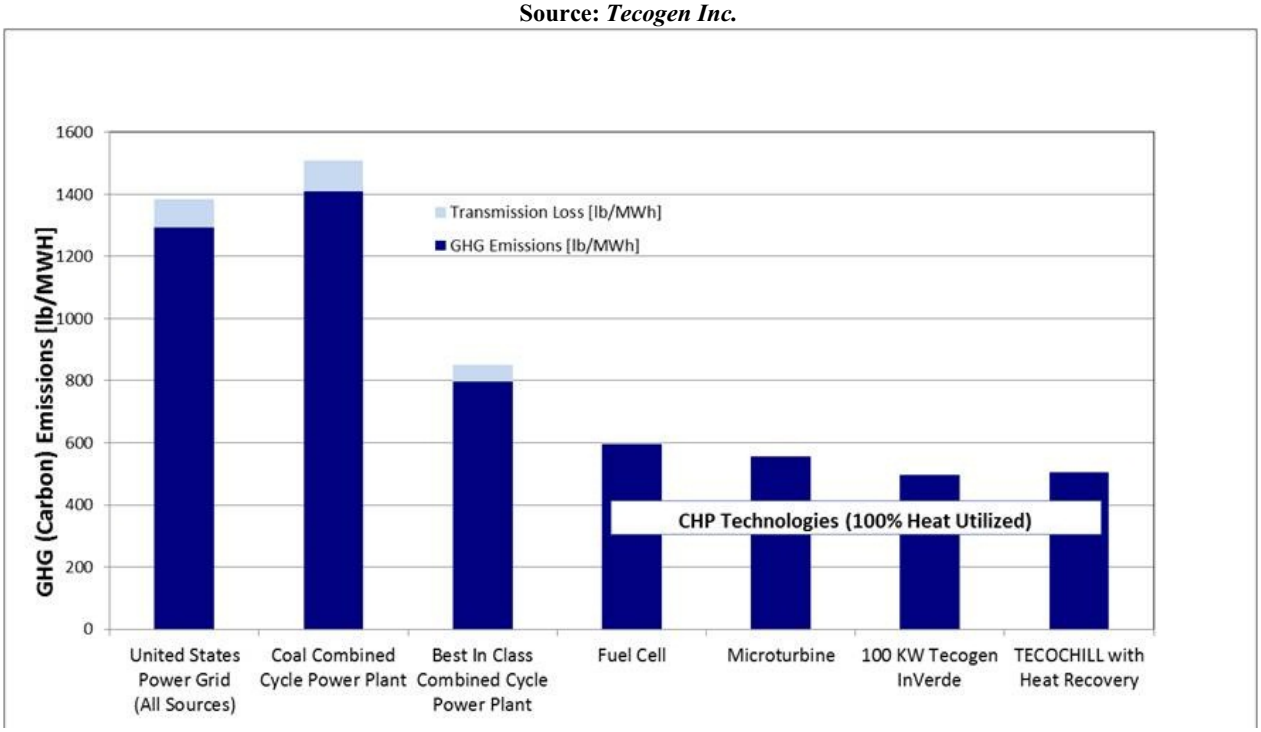
Our products also address the global objective of reducing greenhouse gas emissions. When burned to generate power, natural gas produces lower carbon emissions per unit of energy than any fossil fuel (Table 2), according to the EPA combined heat and power emissions calculator.

Table 2 — Fossil Fuel Carbon Emissions
Source: *EPA Emissions Calculator*

Fuel	CO_2 emissions, lbs/million Btu
Natural Gas	116.7
Distillate Oil	160.9
Coal	206.7

Our products, in addition to using the lowest amount of carbon fuel, further reduce CO_2 emissions (greenhouse gases) because of CHP's higher efficiency. Figure 3 compares the CO_2 output of our products to that of the national electric grid and other generation technologies. Our products are far superior to the grid and even outperform the CHP technologies of fuel cells and microturbines.

Figure 3 — Comparison of Carbon Emissions (GHG) for Various Sources Including Tecogen's CHP and Chiller Products
Source: *Tecogen Inc.*

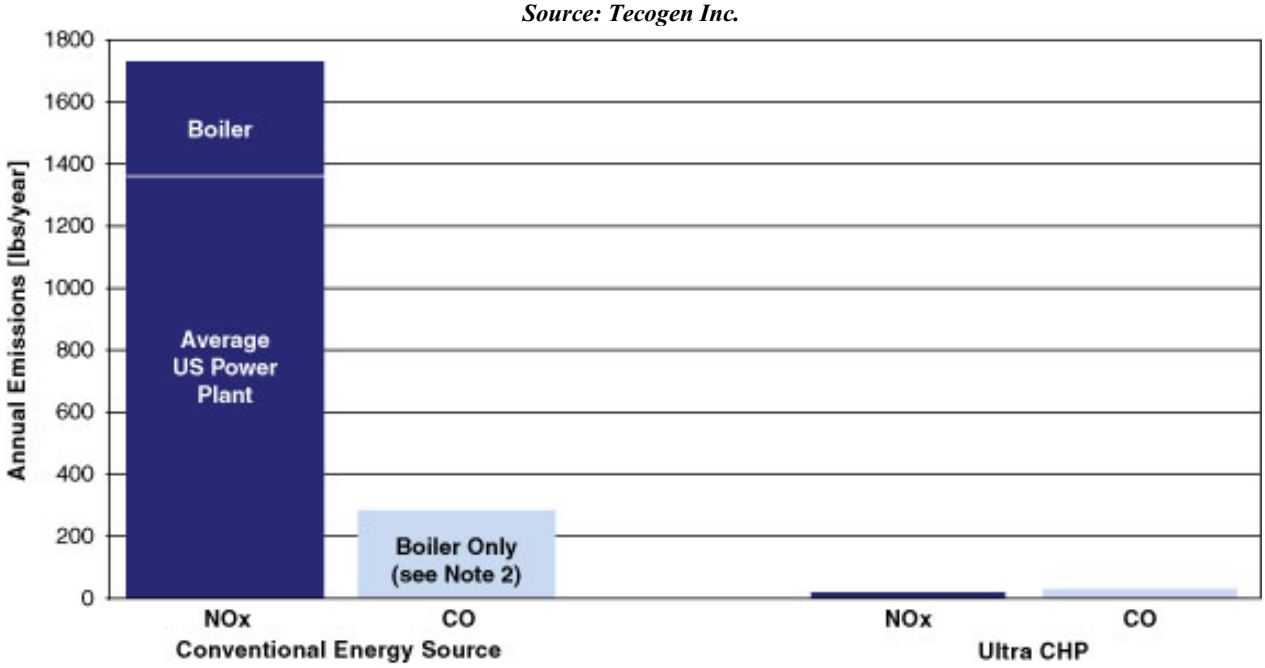


(1) Average U.S. Powerplant CO_2 emission rate of 1,293 (lb/MWh) from USEPA eGrid 2010.
(2) Coal Combined Cycle emissions based upon 50% efficiency (assumed to be the same as Natural Gas) and coal CO_2 emission rate from EPA website.
(3) "Best in Class" Natural Gas combined cycle plant emissions based upon 50% efficiency. (Northwest Power Planning Council "Natural Gas Combined-cycle Gas Turbine Power Plants, August 2002).
(4) Fuel Cell and Microturbine emissions based upon data listed in the ICF International Combined Heat and Power Market Assessment, April 2010.

Furthermore, one Tecogen 100-kW CHP unit will reduce carbon emissions by 390 tons per year (based on 8,000 run-hours), which, according to the EPA website's calculator, is the equivalent of 64 cars on the road. A microturbine of the same size would reduce carbon emissions by only 245 tons per year, the equivalent of 41 cars, which is less than two-thirds the emissions reduction of our CHP product. Our Ilios water heater also reduces CO_2 emissions in proportion to its fuel savings.

In addition to reducing greenhouse gases, our products with *Ultra* low-emission controls can improve air quality by reducing such pollutants as NOx and CO. Figure 4 presents the annual output of emissions of the *InVerde* unit equipped with the *Ultra* technology and compares it to alternative energy technologies producing the equivalent energy output on an annual basis (100 kW, 670,000 Btu/hr). Thus, for example, in lieu of an *InVerde*, a building would obtain electricity from a power plant and heat energy from a boiler. As Figure 4 shows, the *Ultra* CHP system's emissions are significantly less than the combined emissions of the power plant and boiler for the same energy output.

Figure 4 — Comparison of Emissions Levels of Tecogen's *Ultra Low-Emissions Technology to Conventional Energy Sources (Based on 6,000 hrs/year of operation at 100 kW and 670,000 Btu/hr)*
Source: Tecogen Inc.



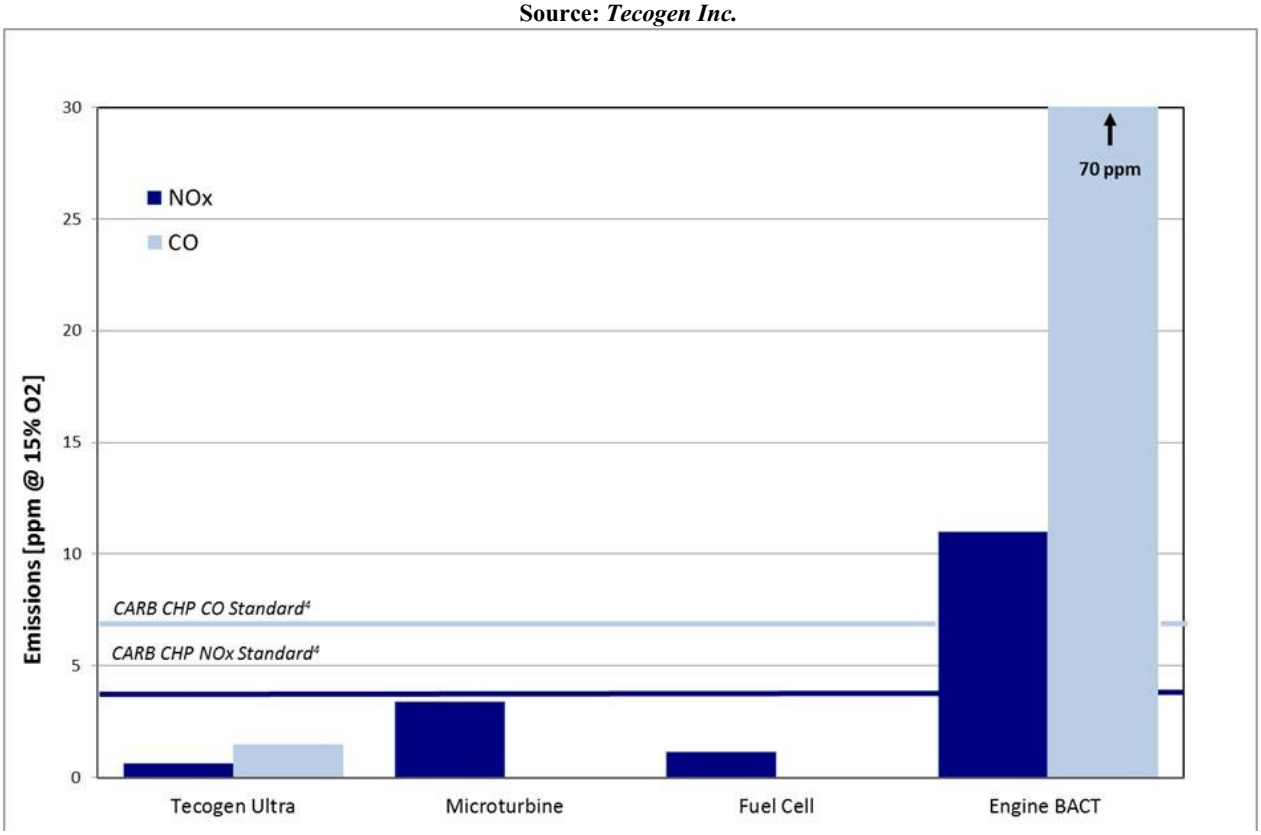
(1) Based upon an annual output of 100 kW and 670,000 Btu/hr of hot water.

(2) Average U.S. powerplant NOx emission rate of 1.7717 lb/MWh from (USEPA eGrid 2010), CO data not available.

(3) Gas boiler efficiency of 78% (www.eia.gov) with emissions of 20 ppm NOx @ 3% O2 (California Regulation SCAQMD Rule 1146.2) and 50 ppmvCO @ 3% O2 (California Regulation SCAQMD BACT).

Figure 5 presents the criteria pollutant levels of the *Ultra* system versus alternative CHP sources of microturbines, fuel cells, and conventional reciprocating engines. Microturbines and fuel cells, newer CHP technologies typically considered low-emission alternatives to engines, produce more NOx than an *Ultra* engine CHP unit. Moreover, when compared to a conventional engine's "best available control technology" (BACT) as defined by the EPA for natural gas engines, both NOx and CO are reduced by nearly tenfold. Consequently, the *Ultra* low-emissions technology is potentially transformative to the engine's reputation in the energy marketplace, allowing it to now be characterized as a source of clean power.

Figure 5 — Comparison of Tecogen Ultra Low-Emissions Technology to Other Technologies
Source: *Tecogen Inc.*



(1) Tecogen emissions based upon actual third party source test data.
(2) Microturbine and Fuel Cell NOx data from California Energy Commission, Combined Heat and Power Market Assessment 2010, by ICF international.
(3) Stationary engine BACT as defined by SCAQMD.
(4) Limits represent CARB 2007 emission standard for Distributed Generation with a 60% (HHV) Overall Efficiency credit.
(5) CO data not available for microturbine and fuel cell.

Our Products

We manufacture natural gas engine-driven cogeneration systems and chillers, all of which are CHP products that deliver more than one form of energy. We have 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 a site. The package incorporates the engine, generator, heat-recovery equipment, system controls, electrical switchgear, emission controls, and modem for remote monitoring and data logging.

All of our cogeneration systems and most of our chillers use the same engine, the TecoDrive 7400 model supplied by GM and modified by us to use natural gas fuel. The small 25-ton chiller uses a similar GM engine, the 3000 model. We worked closely with GM and the gas industry (including the Gas Research Institute) in the 1980s and 1990s to modify the engine and validate its durability. For the Ilios water heater, we introduced a more modern Ford engine that is enhanced for industrial applications. As of December 31, 2013, we have shipped eight Ilios water heaters and have an additional two in inventory to fulfill current orders.

Our commercial product line includes:

- The InVerde® and TECOGEN® cogeneration units;
- TECOCHILL® chillers;
- Ilios high-efficiency water heaters; and
- Ultra low-emissions technology.

InVerde Cogeneration Units

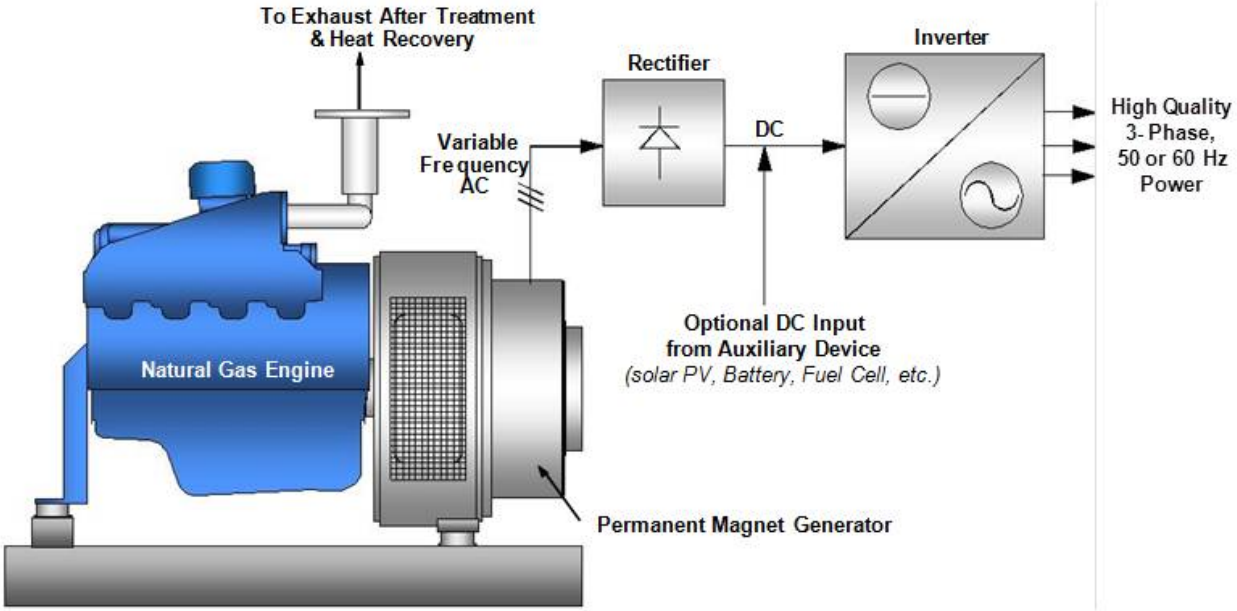
Our premier cogeneration product is the InVerde, a 100-kW CHP system that not only provides electricity and hot water, but also satisfies the growing customer demand for operation during a utility outage, commonly referred to as "black-start" capability. The InVerde incorporates an inverter, which converts direct current, or DC, electricity to alternating current, or AC. With an inverter, the engine and generator can run at variable speeds, which maximize efficiency at varying loads. The inverter then converts the generator's variable output to the constant-frequency power required by customers (50 or 60 Hertz), as shown in Figure 6.

This inverter technology was developed originally for solar and wind power generation. The company believes that the InVerde is the first commercial engine-based CHP system to use an inverter. Electric utilities accept inverter technology as "safe" by virtue of its certification to the Underwriters Laboratory interconnection standard (1741) — a status that the InVerde has acquired. This qualifies our product for a much simpler permitting process nationwide and is mandatory in some areas such as New York City and California. The inverter also improves the CHP system's efficiency at partial load, when less heat and power are needed by the customer.

The InVerde`s black-start feature addresses a crucial demand from commercial and institutional customers who are increasingly concerned about utility grid blackouts and brownouts, natural disasters, security threats, and antiquated utility infrastructure. Multiple InVerde units can operate collectively as a standalone microgrid, which is a group of interconnected loads served by one or more power sources. The InVerde is equipped with software that allows a cluster of units to seamlessly share the microgrid load without complex controls.

The InVerde CHP system was developed in 2007, and we began shipping it in 2008. Our largest InVerde installation utilizes 12 units, which supply 1.2 MW of on-site power and about 8.5 million Btu/hr of heat (700,000 Btu/hr per unit).

Figure 6 — Diagram of InVerde CHP System
Source: *Tecogen Inc.*



***TECOGEN* Cogeneration Units**

The TECOGEN cogeneration system is the original model introduced in the 1980s, which is available in sizes of 60 kW and 75 kW, producing up to 500,000 Btu/hr of hot water. This technology is based on a conventional single-speed generator. It is meant only for grid-connected operation and is not universally accepted by utilities for interconnection, in contrast to the InVerde. Although this cogeneration product has the longest legacy and largest population, much of its production volume has been supplanted by the InVerde.

TECOCHILL Chillers

Our TECOCHILL natural gas engine-driven chillers are available in capacities ranging from 25 to 400 tons, with the smaller units air-cooled and the larger ones water-cooled. This technology was developed in 1987. The engine drives a compressor that makes chilled water, while the engine's free waste heat can be recovered to satisfy the building's needs for hot water or heat. This process is sometimes referred to as "mechanical" cogeneration, as it generates no electrical power, and the equipment does not have to be connected to the utility grid.

A gas-fueled chiller provides enough air conditioning to avoid most of the utility's seasonal peak charges for electric usage and capacity. In summer when electric rates are at their highest, natural gas is "off-peak" and quite affordable. Gas-fueled chillers also free up the building's existing electrical capacity to use for other loads.

Ilios High-Efficiency Water Heaters

Our newest product, the Ilios high-efficiency water heater, uses a heat pump, which captures warmth from outdoor air even if it is moderately cool outside. Heat pumps work somewhat like a refrigerator, but in reverse. Refrigerators extract heat from inside the refrigerator and move it outside the refrigerator. Heat pumps extract heat from outside and move it indoors. In both cases, fluids move the heat around by flowing through heat exchangers. At various points the fluids are compressed or expanded, which absorbs or releases heat.

In the Ilios water heater, the heat pump moves heat from outdoors to the water being heated in the customer's building. The heat pump water heater serves as a boiler, producing hot water for drinking and washing or for space heating, swimming pools, or other building loads. Energy cost savings to the customer depend on the climate. Heat pumps in general (whether gas or electric) perform best in moderate weather conditions.

In a conventional electric heat pump, the compressor is driven by an electric motor. In the Ilios design, a natural gas-fueled engine drives the compressor. This means that the heat being captured from outdoors is supplemented by the engine's waste heat, which increases the efficiency of the process. According to scientific studies, gas engine heat pumps can deliver efficiencies in excess of 200%.

Ultra Low-Emissions Technology

All of our CHP products are available with the Ultra low-emissions technology. This breakthrough technology was developed in 2009 and 2010 as part of a research effort funded by the California Energy Commission and Southern California Gas Company. The objective was to bring our emission control systems into compliance with California's standards, which are the most stringent in the United States.

We were able to meet or exceed the standards with an emission control system that is cost-effective, robust, and reliable. The Ultra low-emissions technology keeps our CHP systems compliant with air quality regulations over the long term. Given the proprietary nature of this work, we obtained a patent in the United States and have filed patents that are pending in Europe, Australia, Brazil, Canada, China, Costa Rica, the Dominican Republic, India, Israel, Japan, Mexico, New Zealand, Nicaragua, Republic of Korea, Singapore, and South Africa. We shipped the first commercial CHP units equipped with Ultra low-emissions technology to a California utility in 2011.

We conducted three validation programs for this technology:

1. Third-party laboratory verification. The AVL California Technology Center, a long-standing research and technology partner with the international automotive industry, confirmed our results in their state-of-the-art dynamometer test cell, which was outfitted with sophisticated emissions measurement equipment.
2. Verifying longevity and reliability in the field. We did so by equipping one of our TECOGEN 75-kW units, already operating at a customer location in Southern California, with the Ultra low-emissions technology and a device to monitor emissions continuously. To date, the Ultra low-emissions system has operated successfully for more than 25,000 hours (approximately 3 1/2 years) and has consistently complied with California's emission standards. This field test is ongoing.
3. Additional independent tests. During the field test, two companies licensed in California to test emissions each verified our results at different times. The results from one of these tests (obtained in August 2011) enabled us to qualify for New Jersey's fast-track permitting. Virtually every state nationwide requires some kind of permit related to local air quality, but New Jersey allows an exemption for systems such as ours that demonstrate superior emissions performance. This certification was granted in November 2011, and since then we have sold Ultra low-emissions systems to several customers.

In 2012, a 75 kW CHP unit equipped with the Ultra system became our first unit to obtain a conditional air permit (i.e. pending a third party source test to verify compliance) in Southern California since the strict regulations went into place in 2009. A state-certified source test, administered in January 2013, verified that our emissions levels were well below the new permitting requirements, and the final permit version was approved in August 2013. To date, we have shipped over fifty units fitted with the Ultra system to sites in the Northeast, as well as California.

Contributions to Revenue

The following table summarizes net revenue by product line and services for the years ended:

	December 31, 2013	December 31, 2012
Products:		
Cogeneration	$ 5,199,649	$ 5,791,412
Chiller	1,146,401	1,661,810
Total Product Revenue	6,346,050	7,453,222
Services	7,071,388	7,089,491
Installations	2,432,431	711,259
Total Service Revenue	9,503,819	7,800,750
Total Revenue	$ 15,849,869	$ 15,253,972

All of the Company's long lived assets reside in the United States of America. All of the Company's revenue is generated in the United States of America.

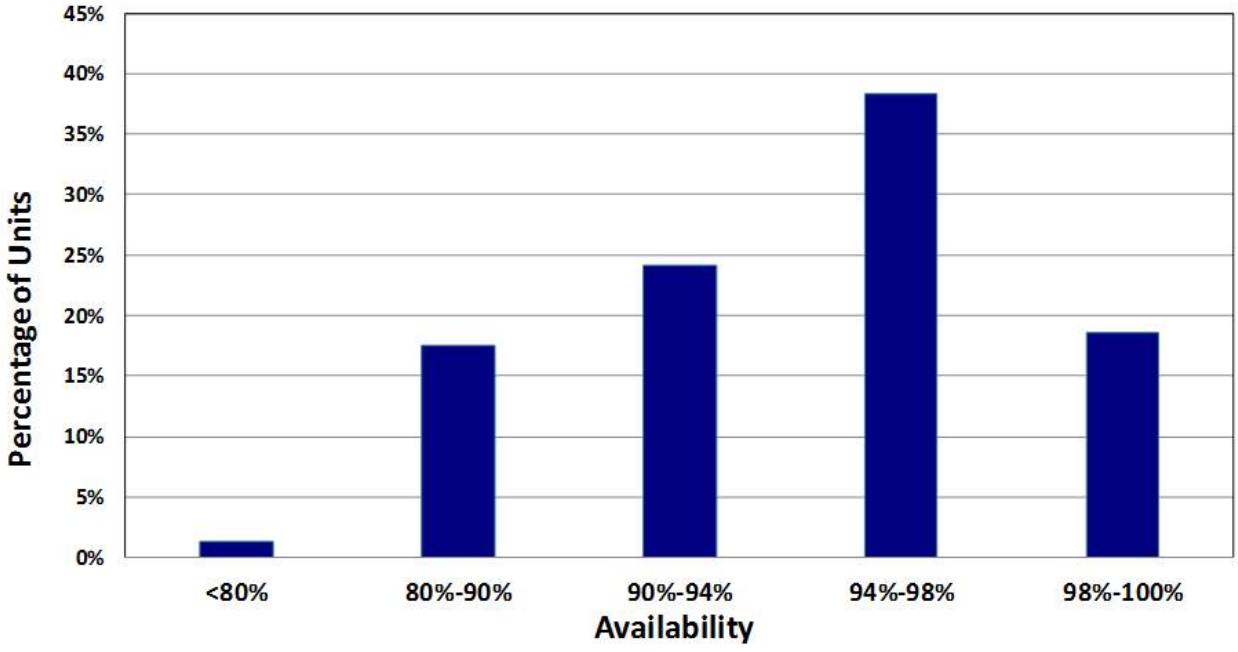
Segments

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.

Product Reliability

Our product lines have a long history of reliable operation. Since 1995, we have had a remote monitoring system in place that connects to hundreds of units daily and reports their "availability," which is the amount of time a unit is running or is ready to run (% of hours). Figure 7 shows cumulative data for an installed base of 340 units. More than 80% of them operate above 90% availability, with the average being 93.8%. By comparison, the average availability for all fossil-fueled power plants in the United States was 87.5% during 2006 – 2010, according to a report by the North American Electric Reliability Corporation.

Figure 7 — Tecogen Product Reliability
Source: ***Tecogen Inc. – January 2014***



Product Service

We provide long-term maintenance contracts, 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 offices and warehouse space for inventory. We encourage our customers to provide Internet or phone connections to our units so that we can maintain communications, in which case we contact the machines daily, download their status, and provide regular operational reports (daily, monthly, and quarterly) to our service managers. This communication link is used to support the diagnosis effort of our service staff and to send messages to preprogrammed phones that a unit has experienced an unscheduled shutdown.

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

Most of our service revenue is in the form of annual service contracts, which are typically of an all-inclusive “bumper-to-bumper” type, with billing amounts proportional to achieved operating hours for the period. Customers are thus invoiced in level, predictable amounts without unforeseen add-ons for such items as unscheduled repairs or engine replacements. We strive to maintain these contracts for many years, so that the integrity and performance of the machine are maintained. Between 2007 and 2012, approximately 68% of customers signed service contracts.

R&D Capabilities

Our research and development tradition and ongoing programs have allowed us to cultivate deep engineering expertise and maintain continuity over several decades. We have strong core technical knowledge that is critical to product support and enhancements. Our TecoDrive engine, cogeneration and chiller products, InVerde, and most recently the InVerde Ultra and Ilios heat pump water heater were all created and optimized with both public and private funding support.

In March 2013, we successfully completed a $1 million program with the California Energy Commission, which was awarded in 2009, to develop a small CHP engine (about 35 kW) that uses advanced automotive technology. The engine achieves a nearly 20% fuel efficiency gain over our current TecoDrive technology. The program included an endurance test to qualify the engine for the CHP duty cycle. Final development work to transition to the 2012 model year advanced engine will occur in 2013 with rollout on the Ilios water heating product in late 2014. In 2015, we plan to develop a smaller InVerde unit (~35 kW) around this engine platform.

In October 2012, Tecogen was awarded a contract for a demonstration project to retrofit a natural-gas powered municipal water pump engine with Tecogen’s proprietary Ultra low-emissions technology. This project, co-sponsored by Southern California Gas Co. (SoCalGas), DE Solutions, and the Eastern Municipal Water District (EMWD) will be the first application of Tecogen’s emission control technology on a non-Tecogen engine, and an important proof of concept for its wider application. This system was commissioned in September 2013.

Tecogen also continues to support a contract with the DOE’s Lawrence Berkeley National Laboratory, awarded in 2012, for microgrid development work related to the InVerde.

Distribution Methods

Our products are sold directly to end-users by our sales team and by established sales agents and representatives. Various agreements are in place with distributors and outside sales representatives, who are compensated by commissions, including American DG Energy and EuroSite Power which are affiliated companies, for certain territories and product lines. For example, we have sales representatives for the chiller market in the New York City/New Jersey territory, but we do not have a sales representative for our cogeneration products in this territory. In New England, our affiliate, American DG Energy, has exclusive sales representation rights to our cogeneration products only (not including chillers). Sales through our in-house team or sales that are not covered by a representative’s territory carry no commission or only a fractional one.

Summary of our Products' Advantages

- Our CHP products provide an efficient on-site solution to power generation as the market seeks cost savings and clean alternatives to centralized grid power.
- Our CHP 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 CHP units, as opposed to custom-designed systems, achieve lower cost, better quality control, higher reliability, and easier service. Emission controls are integrated, and complete system warranty and maintenance are available.
- Our Ultra low-emissions technology eliminates the air quality concerns associated with engines. Our units comply with the most rigorous air quality regulations, including California's.
- Our cogeneration systems and chillers use standard, well-proven equipment made by reputable, well-established manufacturers. These components include rugged automotive engines, certified inverters, commercial generators, and conventional compressors. Certain key components are proprietary and have patent protection. Most notably, all control software is either proprietary (and copyright protected) or under an exclusive license agreement. Suppliers of the InVerde `s inverter and generator hold certain related patent protection.
- All of our CHP products 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 product is 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, which is required by operators of computer server farms and precision instrumentation, for example.
- The InVerde overcomes barriers related to grid interconnection, since the product is UL-certified as utility-safe. In microgrids, InVerde units can help prevent brownouts by maximizing their power output when utilities approach peak capacity. Unlike standby diesel generators, the InVerde can operate without hourly limits because its emissions are so low, and it can serve as a stable anchor in hybrid microgrids that incorporate solar power.
- Our extensive use of standardized components lets us manufacture CHP products at competitive prices, even at relatively low production volumes. Proven, well-understood hardware 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 heat pump water heater roughly doubles the efficiency of conventional water heating systems. The Ilios heat pump targets a large international market that is characterized by heavy, year-round use. This will increase fuel savings and maximize return on investment for the customer. Also, such applications are mostly central heating and cooling systems, rather than units distributed throughout the building, so it is easier to integrate new equipment. The heat pump water heater 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.

Competitive Position and Business Conditions

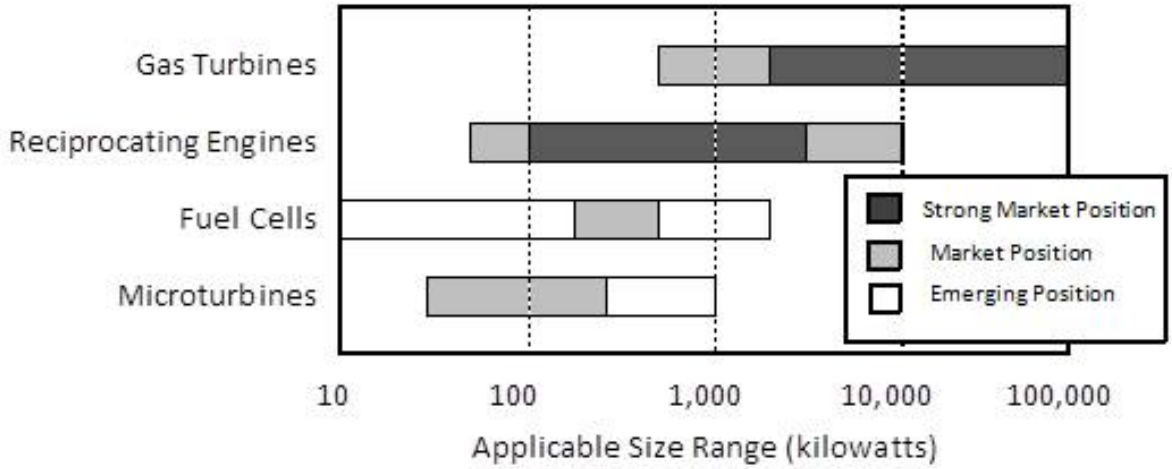
Our products fall into the broad market category of distributed generation systems that produce electric power on-site to mitigate the drawbacks of traditional central power and the low efficiency of conventional heating processes.

Renewable power sources, such as wind and solar, do not improve heating inefficiencies as CHP systems do, so they do not compete with our products. That is, CHP utilization is based on the redirection of fuel from an onsite boiler to an engine (or other device) for the production of electricity; the waste heat from the engine meets the heating load of the site with only a small incremental fuel consumption increase, but with the benefit of a significant amount of electricity production. As the boiler output cannot be displaced by renewable electricity production — the output of which is far more valuable displacing utility electric power, than used for water heating — the CHP opportunity remains available even in sites fully exploited relative to their renewable potential.

Cogeneration Systems

The ICF report breaks down the CHP market by technology as provided in Figure 8 below. We believe the California data applies to the domestic and international CHP market as a whole.

Figure 8 — Technology Size and Market Position
Source: ***ICF International, Combined Heat and Power Market Assessment (2010) (Data from 2004)***



Our CHP products use automotive reciprocating engines originally designed for gasoline fuel and modified to run on natural gas. Diesel-fueled reciprocating engines will remain prominent in the CHP market, but only in larger, custom-designed systems (one MW or more), so these products do not compete with ours.

In smaller CHP sizes, competitors have duplicated our older design, coupling an automotive engine to a single-speed generator and adding controls and heat recovery. To be competitive with our designs, 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 would also have to meet the price of our products, which is low because we use standardized components.

We believe that no other company has developed a product that competes with our inverter-based InVerde, which offers UL-certified grid connection, outage capability, and variable-speed operation. We anticipate that an inverter-based product with at least some of these features will be introduced by others, but we believe that they will face serious challenges in duplicating the InVerde. Product development time and costs would be significant, and we expect that our patents and license for microgrid software will keep others from offering certain important functions.

Our patent application relating to the Ultra low-emissions technology was issued by the U.S. PTO in October 2013. We expect that this will make the development of alternative technologies by competitors difficult. If this is the case, we could retain a strong competitive advantage for all our products in markets where severe emissions limits are imposed or where very clean power is favored, such as New Jersey, California, and Massachusetts.

Newer technologies, such as fuel cells and microturbines, pose limited competition to our CHP products. ICF International's 2010 CHP market assessment provides a comparison of the various small CHP technologies (50 – 500 kW), and a summary of this study is presented in Table 3. As shown, reciprocating engine CHP enjoys an economic advantage, as it has just over one-third the installed cost of a fuel cell and costs 20% less than a microturbine. With regard to operation and maintenance (O&M) costs, engine O&M costs are slightly less than those of microturbines, and just over half those of fuel cells. Although fuel cells have the highest electric efficiency (36%), they also have the lowest thermal output, so often fuel cells cannot recover enough heat to serve building loads effectively. Microturbines also recover less heat than engine CHP and have a lower electric efficiency. As a result, typical reciprocating engine CHP has the most favorable overall efficiency, at 79%, compared to 72% for microturbines and 67% for fuel cells.

With regard to pollutant emissions, Figure 5, above, compares all three technologies, along with the Tecogen engine CHP equipped with the Ultra technology. This figure illustrates that although fuel cells and microturbines are cleaner than conventional engine CHP (i.e., BACT), an engine equipped with Ultra technology now has comparable emissions to these other two technologies.

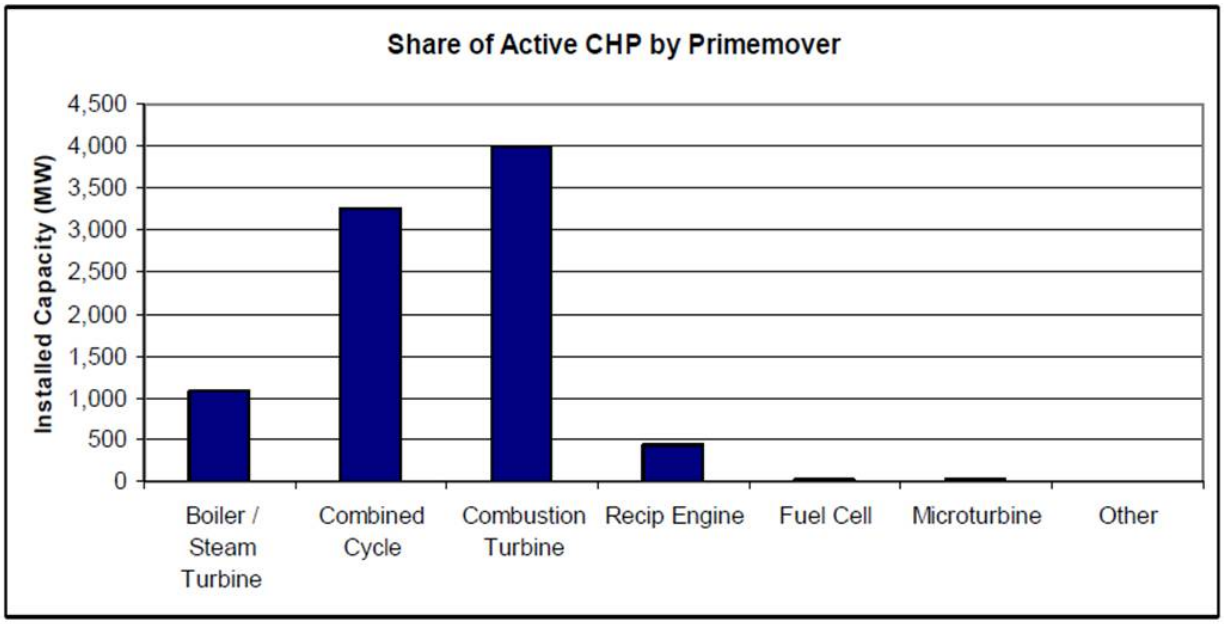
In the growing microgrid segment, neither fuel cells nor microturbines can respond to changing energy loads when the system is disconnected from the utility grid. Engines inherently have a fast dynamic response to step load changes, which is why they are the primary choice for emergency generators. Fuel cells and microturbines would require an additional energy storage device to be utilized in off-grid operation.

Most manufacturers of microturbines have refocused on other markets. We believe that Capstone Turbine Corporation is the only microturbine manufacturer with a commercial presence in CHP. Figure 9 reveals the modest impact of both microturbines and fuel cells in California's CHP space.

Table 3 — Comparison of CHP Technologies
Source: ***ICF International, Combined Heat and Power Market Assessment (2010)***

	Microturbine 50 – 500 kW	Fuel Cell 50 – 500 kW	Generic Engine 100 kW
Installed Costs, $/kW	2,739	6,310	2,210
O&M Costs, $/kWh	0.022	0.038	0.020
Electric Efficiency, %	25.2%	36.0%	28.4%
Thermal Output, Btu/kWh	6,277	2,923	6,100
Overall Efficiency, %	72%	67%	79%

Figure 9 — Share of Installed CHP by Prime Mover in California
Source: ***ICF International Combined Heat and Power Market Assessment (2010) — (Data from 2008)***



Engine Driven Chillers (TECOCHILL)

According to the Energy Solutions Center (a non-profit consortium), three companies make gas-engine-driven chillers that compete with our products: Trane, a division of Ingersoll-Rand plc, York, a division of Johnson Controls, Inc. and Alturdyne. Natural gas can also fuel absorption chillers, which use fluids to transfer heat without an engine drive.

Today's low natural gas prices in the United States improve the economics of gas-fueled chillers, so more competition could emerge. However, engine chillers will continue to have an efficiency advantage over absorption machines. Chiller performance is measured in terms of cooling energy output per unit of fuel input. This industry standard is called the coefficient of performance, or COP. Absorption chillers achieve COPs of about 1.2 (see, for example, The Chartered Institution of Building Services Engineers' Datasheet 07, Absorption Cooling, February 2012). Our TECOCHILL products reach efficiencies well above that level (COPs ranging from 1.6 to 2.6).

Ilios Engine-Driven Heat Pump

Although a few companies manufacture gas-engine heat pumps, their products are not directly comparable to the Ilios. The Ilios water heater and other heat pump products compete in both the high-efficiency water heating market and the CHP market. In a typical building, the Ilios heat pump would be added on to an existing heating/water heating system, but would be operated as many hours as possible. The conventional boiler would be left in place, but would serve mainly as a backup when the heat pump's engine is down for maintenance or when the heat pump cannot meet the building's peak heating load.

The best customers for the Ilios heat pump water heater would be very similar to those for traditional CHP — heavy consumers of hot water and process heat. In areas where low electric rates make CHP not economical, the Ilios heat pump could be a financially attractive alternative because its economics depend only on natural gas rates. In some areas with high electric rates, the Ilios option could have advantages over CHP. For example, where it is hard to connect to the utility grid or where the building's need for electricity is too low for CHP to work economically. As of December 31, 2013, we have shipped eight Ilios water heaters and have an additional two in inventory to fulfill current orders.

Intellectual Property

We currently hold three United States patents for our technologies:

- 8,578,704: "Assembly and method for reducing nitrogen oxides, carbon monoxide, and hydrocarbons in exhausts of internal combustion engines." This patent, granted in November 2013, is for the Ultra emission system applicable to all our products.
- 7,239,034: "Engine driven power inverter system with cogeneration". This patent, granted in July 2007, pertains to the utilization of an engine-driven CHP module combined with an inverter and applies to our InVerde product specifically.
- 7,243,017: "Method for controlling internal combustion engine emissions". This patent, granted in July 2007, applies to the specific algorithms used in our engine controller for metering the fuel usage to obtain the correct combustion mixture. It applies to most of our engines.

In addition, we have licensed specific rights to microgrid algorithms developed by University of Wisconsin researchers for which we pay royalties to the assignee, The Wisconsin Alumni Research Foundation (WARF). The specific patent named in our agreement is "Control of small distributed energy resources" (7,116,010), granted in 2006. Our specific rights are valid for engine-driven systems utilizing natural gas or diesel fuel in the application of power generation where the per unit output is less than 500 kW.

We consider our patents and license to be important in the present operation of our business. The expiration, termination, or invalidity of one or more of these patents may have a material adverse effect on our business. Our earliest patent, that licensed from WARF, was issued in 2006 and expires in 2022. Most of our patents expire between 2022 and 2027.

We believe that no other company has developed a product that competes with our inverter-based InVerde. We anticipate that an inverter-based product with at least some of these features will be introduced by others, but we believe that competitors will face serious challenges in duplicating the InVerde. Product development time and costs would likely be significant, and we expect that our patent for the inverter-based CHP system (7,239,034) would offer significant protection, especially in key features. Likewise, we consider the microgrid license with WARF to be a key feature of our InVerde product, and one that would be difficult to duplicate outside the patent.

The recent issuance by the U.S. PTO of the patent for the Ultra low-emissions technology keeps that technology exclusive to us. It applies to all of our gas engine-driven products and may have licensing applications to other natural gas engines. We have also filed for patents for this technology in Europe, Australia, Brazil, Canada, China, Costa Rica, the Dominican Republic, India, Israel, Japan, Mexico, New Zealand, Nicaragua, Republic of Korea, Singapore, and South Africa. There is no assurance, however, that the Ultra low-emissions patent applications will be approved in any other country.

Government Regulation and Its Effect on Our Business

Several kinds of government regulations affect our current and future business, such as:

- Product safety certifications and interconnection requirements;
- Air pollution regulations, which govern the emissions allowed in engine exhaust;
- State and federal incentives for CHP technology; and
- Electric utility pricing and related regulations.

Regulations that control air quality and greenhouse gases might increasingly favor our low-emission products. Regulations related to utility rates and interconnection, which are burdensome today, could evolve to embrace CHP because of its efficiency benefits.

Product Safety Certifications and Interconnection Requirements

Our products must comply with various local building codes and must undergo inspection by local authorities. Our products are also certified by a third party to conform to specific standards. These certifications require continuous verification by a company that monitors our processes and design every three months. Our InVerde product is also certified to Europe's standard CE mark (European Conformity), which is mandatory for products imported into the European Union for commercial sale.

Our cogeneration CHP products are also certified to a particular group of standards specific to the distributed power industry, which are used in the utility interconnection permitting process. These unique certifications were developed by various manufacturers, utilities, and government regulators to standardize the process of getting the utility's permission to jointly power a facility.

In essence, manufacturers of standard products are allowed to submit a sample unit to be "type-tested" by a Nationally Recognized Testing Laboratory. This test proves that the product adheres to safety requirements and that its design is fail-safe. The product then becomes eligible for a fast-track interconnection, after passing simple site-specific screens. Under state-mandated regulations, such as California Rule 21 and Massachusetts Interconnection Tariff 09-03, most utilities must accept the fast-track process, which includes the certification.

Simplified utility interconnection is important to CHP projects, so our interconnect certification, Underwriters Laboratory Standard 1741, or UL Certification, is a significant competitive advantage. Obtaining the UL Certification was a major reason for us to develop the inverter-based CHP product. As with our other product certifications, we plan to maintain the certification through routine processes when modest design changes occur. When complete recertification is required, such as when a new revision to the standard is applicable or when the design undergoes a major upgrade, the company will follow the normal procedures for first-time certification (third party design review and test verification). The company does not anticipate any changes to the standard that would preclude recertification, as the underlying content is carefully administered by balanced committees (representing utilities, inverter suppliers, and academia). In addition, the standard and its utilization as the criterion for systems to qualify for simplified interconnection programs, is important for the solar PV industry. The company believes that this importance to the solar industry will help assure the long-term relevance in interconnection of distributed generation devices.

Air Pollution Regulations

Stationary natural gas engines are subject to emissions regulations that are part of a complex hierarchy of state and federal regulations. The EPA establishes technology-specific standards that are based on cost-benefit analysis for emission control strategies. These standards, termed BACT (best available control technology), are imposed in regions that fail to meet federal clean air standards. Local regulators can and do restrict engine emissions to lower levels.

In some instances, regional standards in our key markets have become sufficiently strict, presenting a challenge in controlling pollution from natural gas engines. However, our development of the Ultra low-emissions technology has addressed this issue, allowing us to permit our equipment in the strictest region of Southern California. In January 2013, a state-certified source test at a new customer's site verified that our emissions levels were well below the new permitting requirements. Since we have now successfully removed this barrier, we are not only competitive in the California market, but have an advantage as a cleaner CHP technology. Likewise, in the Northeast where emissions regulations are trending towards California levels, we have already established our Ultra CHP as a certified technology in New Jersey, exempt from the air permitting process and subsequent testing, a unique status that separates us from the competition.

On the East Coast, important CHP territories are also moving toward limits below federal BACT levels. Effective in 2012, Massachusetts, Rhode Island, and Connecticut require 3.6 ppm NOx and about 56 ppm CO, which is on par with California's BACT standard. New Jersey also emulates California's BACT, but allows the project to side-step the air permit process if the CHP device is "emissions certified" through third-party testing to 10 ppm NOx and 10 ppm CO. Our Ultra low-emissions technology has qualified for New Jersey's "clean" certification, as noted earlier. In New York, clean power is encouraged through state grants that exclude products, or reduce the grant amount, unless low emissions are demonstrated.

Air emissions regulations also affect our air conditioning and Ilios heat pump products, though the effects are muted. TECOCHILL rebates are not common, and none has been tied to a specific emissions level. The heat pump's small size often exempts it from regulations, and the market for heat pump products could lie in lightly regulated regions (those with low electric rates). Nevertheless, the Ultra low-emissions technology can be applied to these products if required to meet regulatory standards.

State and Federal Incentives

On August 30, 2012, the White House released an Executive Order to accelerate investments in industrial energy efficiency, including CHP. The goal of the Executive Order is to supply 40 GW of energy by 2020 from greater efficiency sources such as CHP systems. The DOE, Commerce, and Agriculture, and the Environmental Protection Agency, or EPA, in coordination with the National Economic Council, the Domestic Policy Council, the Council on Environmental Quality, and the Office of Science and Technology Policy, shall coordinate policies to encourage investment in industrial efficiency in order to reduce costs for industrial users, improve U.S. competitiveness, create jobs, and reduce harmful air pollution. With this Executive Order, it is expected that barriers to CHP development will be removed with effective programs, policies, and financing opportunities, resulting in $40 – $80 billion in new capital investment in CHP. This initiative by the U.S. government may boost CHP awareness and stimulate market activity.

In addition, some states offer incentives to CHP systems. New York and New Jersey have incentive programs that rebate a significant portion of the CHP project cost. Similar incentive programs also exist in Massachusetts, Rhode Island, and Maryland albeit with different structures and terms. Massachusetts has an additional CHP incentive in the form of an annual rebate proportional to the carbon savings versus conventional technology.

Also our products installed before 2010 are eligible for the bonus depreciation included in the 2009 American Recovery and Reinvestment Act, and our products installed before January 1, 2014 are eligible for the bonus depreciation included in the 2012 American Taxpayer Relief Act. Also, the Energy Improvement and Extension Act of 2008 provides a 10% investment tax credit through 2016 for CHP in our size range, which applies to the total project cost. Our TECOCHILL and heat pump products also qualify for the credit when heat recovery achieves a minimum 60% efficiency.

Electric Utility Pricing and Related Regulations

Electricity prices, rate structures, and tariffs are another form of government incentive or disincentive. Utility pricing is administered through state agencies, typically public utility commissions, through formal proceedings involving the public, utilities, and various affected parties. Often, direct legislative mandates apply to specific issues. How these rules are structured and interpreted has a significant impact on the economic viability of CHP. These rules have hurt the CHP industry in the past, but we have designed our products to undermine their impact.

Demand Charges. Many electric utilities structure their commercial rates such that part of the customer's bill is fixed charges such as meter fees, and part is peak demand charges, which are a much larger line-item based on the building's maximum short-term usage (typically 15 minutes). Fixed charges, usually small, are not addressed by CHP technology. Avoidance of peak demand charges requires a CHP system to always operate at extremely high efficiency, which is difficult to achieve in practice.

Our CHP products, being small and modular, are often installed as multiple units. This protects the customer to some degree from incurring peak demand charges at the full system rating by providing equipment redundancy. The customer would then have to buy more electricity to make up for it, possibly incurring a large demand charge. With a modular, multi-unit CHP system, all the units would have to fail simultaneously to incur an equivalent charge.

Our TECOCHILLs are highly effective in eliminating not only summertime electricity usage, but also peak demand charges. The chiller's operation is confined to the cooling season, allowing maintenance to be scheduled for other times. Outages during the cooling season can be managed to minimize their impact.

Avoided-Cost Penalties. In some regions, utilities have argued that CHP customers, by reducing their electric usage, have avoided paying their fair share of the costs associated with grid infrastructure. To correct this perceived inequity, some utilities have successfully petitioned their state commissions to impose a "departing load charge." Utilities have also been allowed to add a "standby" surcharge to compensate for the cost of utility power being available when the CHP system is down.

These types of charges are not prevalent in East Coast states, but both standby and departing load charges are well-established in California. Although our CHP products are affected, our chillers and heat pumps are not.

Technology-Specific Net Metering. Interconnection issues are safety-related and should be product-neutral, but technology bias is common. In many states, CHP is excluded from net metering while other technologies are eligible. Under net metering, utilities must pay on-site generators for excess electricity that is fed into the grid. Net metering makes it easier to manage the operation of a CHP system or other generator.

Other Utility-Related Regulations. Another category of utility regulation that might affect our business is Renewable Portfolio Standards, or RPS. As of December 2012, some form of portfolio standards had been established in 38 states and the District of Columbia. According to the EPA, out of these states, 26 — Arizona, Connecticut, Delaware, Colorado, Hawaii, Illinois, Indiana, Louisiana, Maine, Massachusetts, Michigan, Minnesota, Nevada, New Hampshire, New York, North Carolina, North Dakota, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Dakota, Utah, Vermont, Washington and West Virginia — specifically mention CHP and/or waste heat-to-power as eligible under their RPS (or related efficiency/clean energy program guidelines). RPS-type mechanisms have been adopted in several other countries, including Britain, Italy, Poland, Sweden, Belgium, and Chile.

Overall, RPS appears to be a positive policy for Tecogen and CHP. Program structures, if fair and balanced, encourage less fossil fuel use by offering financial incentives to improve efficiency. Electric power generated from renewable sources would tend to increase overall electric rates and improve CHP investment returns. Since these programs are in their early stages, their impact is yet to be determined.

A national carbon "cap and trade" program is not anticipated in the foreseeable future. Cap and trade programs seek to reduce carbon emissions by putting a price on them. Of possible impact to Tecogen is the cap and trade bill moving forward in the California legislature. The program's details are still being reviewed and negotiated by various government and advocacy groups.

Employees

As of June 13, 2014, we employed 75 full-time employees and 3 part-time employees. We believe that our relationship with our employees is satisfactory. Three of our New Jersey service employees are represented by a collective bargaining agreement which was executed on February 25, 2014 with a retroactive effective date of January 1, 2014. This agreement expires on December 31, 2016.

Properties

Our headquarters is located in Waltham, Massachusetts, and consists of approximately 43,000 square feet of leased space, of which Tecogen occupies approximately 27,000 square feet of manufacturing, storage and office space. We sub-lease the remaining space to Ilios, American DG Energy, and other tenants. Our lease, with an original expiration date of March 31, 2014, was renewed for an additional ten years and will expire March 31, 2024. We believe that our facilities are appropriate and adequate for our current needs.

Legal Proceedings.

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.

SUMMARY CONSOLIDATED FINANCIAL DATA

The summary consolidated statements of operations data for each of the years ended December 31, 2013 and 2012 and the summary consolidated balance sheet data as of December 31, 2013 and 2012, have been derived from our audited consolidated financial statements that are included elsewhere in this prospectus.

The summary consolidated statements of operations data for each of the three months ended March 31, 2014 and 2013 and the summary consolidated balance sheet data as of March 31, 2014, have been derived from our unaudited 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.

	Audited		*Unaudited*	
Consolidated Statement of Operations Data:	**Year Ended December 31,**		**Three months ended March 31,**	
	2013	**2012**	**2014**	**2013**
Revenues	$ 15,849,869	$ 15,253,972	$ 4,215,757	$ 4,046,318
Cost of sales	10,819,741	9,388,898	2,789,531	2,934,354
Gross profit	5,030,128	5,865,074	1,426,226	1,111,964
Operating expenses				
General and administrative	7,018,133	6,643,120	2,052,126	1,791,703
Selling	1,423,587	1,225,580	421,620	279,370
Aborted public offering costs	258,512	—	—	—
	8,700,232	7,868,700	2,473,746	2,071,073
Loss from operations	(3,670,104)	(2,003,626)	(1,047,520)	(959,109)
Other income (expense)				
Interest and other income	3,958	48,397	3,085	3,946
Interest expense	(141,065)	(71,208)	(34,770)	(23,377)
	(137,107)	(22,811)	(31,685)	(19,431)
Loss before income taxes	(3,807,211)	(2,026,437)	(1,079,205)	(978,540)
Consolidated net loss	(3,807,211)	(2,026,437)	(1,079,205)	(978,540)
Less: Loss attributable to the noncontrolling interest	357,722	389,480	59,160	118,147
Net loss attributable to Tecogen Inc.	$ (3,449,489)	$ (1,636,957)	$ (1,020,045)	$ (860,393)
Net loss per share - basic and diluted	$ (0.26)	$ (0.12)	$ (0.07)	$ (0.07)
Weighted average shares outstanding - basic and diluted	13,385,155	13,135,071	14,796,413	13,212,894

	Audited December 31,		**Unaudited March 31,**
Consolidated Balance Sheet Data:	**2013**	**2012**	**2014**
Cash and cash equivalents	$ 7,713,899	$ 1,572,785	$ 1,946,891
Short-term investments (restricted)	—	181,859	583,720
Working capital	5,565,789	4,078,704	4,608,548
Total assets	17,630,069	9,117,249	13,573,924
Total liabilities	10,564,176	4,334,214	7,542,445
Total stockholders' equity	$ 7,065,893	$ 4,783,035	$ 6,031,479

Management's Discussion and Analysis of Financial Condition

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.

Overview

Tecogen designs, manufactures and sells industrial and commercial cogeneration systems that produce combinations of electricity, hot water, and air conditioning using automotive engines that have been specially adapted to run on natural gas. Cogeneration systems are efficient because in addition to supplying mechanical energy to power electric generators or compressors – displacing utility supplied electricity – they provide an opportunity for the facility to incorporate the engine's waste heat into onsite processes such as space and potable water heating. 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 (electricity plus heat) and MCHP (mechanical power plus heat).

Our products are sold directly to end-users by our in-house marketing team and by established sales agents and representatives. We have agreements in place with distributors and sales representatives, including American DG Energy and EuroSite Power which are affiliated companies. Our 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. We have an installed base of more than 2,100 units. Many of these have been operating for almost 25 years.

In 2009, we created a majority-owned subsidiary 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 upon management estimates) utilizing advanced thermodynamic principles. As of the date of this report, we own a 65.0% interest in Ilios.

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.

Although we may, from time to time, have one or a few customers who may represent more than 10% of our product revenue for a given year, we are not dependent on the recurrence of revenue from those customers. Our product revenue is such that customers may make a large purchase once and may not ever make a purchase again. Our equipment is built to last 20 or more years, therefore, our product revenue model is not dependent on recurring sales transactions from the same customer. Our service revenue, however, may lend itself to recurring revenue from particular customers; although we currently do not have any service revenue customers who make up more than 10% of our total revenues on an annual basis. American DG Energy has been considered a major customer in certain years, as disclosed in the accompanying financial statements; however, we do not consider our business "dependent" upon its recurrence.

For the last two fiscal years, more than half of our revenue was generated from long-term maintenance contracts, or service contracts, which provide us with a somewhat predictable revenue stream, especially during the summer months. We have a slight surge of activity from May through September as our "chiller season" is in full swing. Our service revenue has grown from year to year since 2005, with our New York City/New Jersey, New England and to some extent California territories experiencing the majority of the growth. This growth is consistent with the sale of new units into those territories. Our service margins are generally predictable as we service hundreds of long-term contracts with relatively low dollar, high volume sales. Fluctuations at the job level are to be expected however, due to the number of jobs, gross margin generally evens out in the aggregate.

Our product revenue is derived from the sale of the various cogeneration modules, such as the InVerde 100, the CM-75 and the CM-60, and the three chiller models, such as the smaller ST, the larger DT and the RT (roof-top) units. The sales cycle for each module varies widely, and can range from as short as a month to as long as a year or more. The length of the sales cycle is generally dependent on the size of the project and the number of decision makers in a customer's facility. Furthermore, since our products and their installation are costly they are considered a major capital improvement and customers may be slow in making their buying decisions. Our products sales are high dollar value, low volume transactions. Therefore our product revenue can be difficult to predict and the expected margin varies.

Our cogeneration and chiller modules are built to order and revenue is recognized upon shipment. The lead time to build and deliver a unit depends on its customized configuration and is approximately 12 to 16 weeks from time of purchase order. As revenue is recognized upon shipment, our work-in-process is an important factor in understanding our financial condition in any given quarter.

Recent Accounting Pronouncements

For recent accounting pronouncements see "Note 2 – Summary of significant accounting policies" to our consolidated financial statements.

Critical Accounting Policies

For critical accounting policies see "Note 2 – Summary of significant accounting policies" to our consolidated financial statements.

Emerging Growth Company

Section 107 of the JOBS Act provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. However, we chose to "opt out" of any extended transition period, and as a result we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies. Section 107 of the JOBS Act provides that our decision to opt out of the extended transition period for complying with new or revised accounting standards is irrevocable.

Results of Operations

First quarter of 2014 Compared to First quarter of 2013

Revenues

Revenues in the first quarter of 2014 were $4,215,757 compared to $4,046,318 for the same period in 2013, an increase of $169,439 or 4.2%. This increase is due to an increase in installation activity during the period. Product revenues in the first quarter of 2014 were $1,944,776 compared to $2,052,665 for the same period in 2013, a decrease of $107,889 or 5.3%. This decrease from the three months ended March 31, 2013 to March 31, 2014 was the aggregate of a decrease in cogeneration sales of $123,887 and an increase in chiller sales of $15,998. Our product mix, as well as product revenue, can vary significantly from period to period as our products are high dollar, low volume sales. As a result, such fluctuation is expected.

Service revenues in the first quarter of 2014 were $2,270,981 compared to $1,993,653 for the same period in 2013, an increase of $277,328 or 13.9%. The majority of this increase is due to increased installation activity by the service group.

Cost of Sales

Cost of sales in the first quarter of 2014 was $2,789,531 compared to $2,934,354 for the same period in 2013 a decrease of $144,823, or 4.9%. During the first quarter of 2014 our overall gross profit margin was 33.8% compared to 27.5% for the same period in 2013, an increase of 6.3%. The growth in service volume and increased number of turnkey projects have continued to improve the maintenance and engineering service margins.

Contract Research and Development

There was no contract research and development income for the three months ended March 31, 2014. For the three months ended March 31, 2013 there was $67,000, which is classified as an offset to applicable expenses.

Operating Expenses

Our general and administrative expenses consist of executive staff, accounting and legal expenses, office space, general insurance and other administrative expenses. Our general and administrative expenses in the first quarter of March 31, 2014 were $2,052,126 compared to $1,791,703 for the same period in 2013, an increase of $260,423 or 14.5%. This increase was due to an overall increase in operating costs attributable to an increase in internal research and development activities of approximately $42,000 in addition to the costs associated with preparing to be a publicly traded company, and financing activities such as payroll costs of approximately $110,000, general insurance of $56,000 and franchise taxes of approximately $53,000.

Our selling expenses consist of sales staff, commissions, marketing, travel and other selling related expenses. Our selling expenses for the first quarter of 2014 were $421,620 compared to $279,370 for the same period in 2013, an increase of $142,250 or 50.9%. This increase is due to the increase in payroll costs associated with selling activities of approximately $100,000 as well as costs associated with trade shows, commissions and royalties during the first quarter of 2014 as compared to the same period in 2013 of approximately $40,000.

Loss from Operations

Loss from operations for the first quarter of 2014 was $1,047,520 compared to $959,109 for the same period in 2013, an increase of $88,411. The increase in the loss was due to the growth in operating expenses offset by the increase in revenue and gross profit discussed above.

Other Income (Expense), net

Other expense, net for the three months ended March 31, 2014 was $31,685 compared to $19,431 for the same period in 2013. Other income (expense) includes interest income and other income of $3,085, net of interest expense on notes payable of $34,770 for the first quarter of 2014. For the same period in 2013, interest and other income was $3,946 and interest expense was $23,377. The decrease in interest income of $861 is the result of short-term investments held during the first quarter of 2014 that were not held during the first quarter of 2014. The increase in interest expense of $11,393 was mainly due to the increase in note payable balances carried during the first three months of 2014 as compared to the first three months of 2013.

Provision for Income Taxes

The Company did not record any benefit or provision for income taxes for the three months ended March 31, 2014 and 2013, respectively. As of March 31, 2014 and 2013, the income tax benefits generated from the Company's net losses have been fully reserved.

Noncontrolling Interest

The noncontrolling interest share in the losses of Ilios was $59,160 for the three months ended March 31, 2014 compared to $118,147 for the same period in 2013, a decrease of $58,987 or 49.9%. The decrease was due to a decrease in the Ilios loss in the first quarter of 2014 as compared to the same period in 2013. Noncontrolling interest ownership percentage as of March 31, 2014 and 2013 was unchanged at 35.0% for both periods. Shares of restricted common stock issued under Ilios's equity compensation plan, but which have not yet vested, have not been included in calculating the noncontrolling interest ownership percentage.

Net loss

Net loss attributable to Tecogen for the first three months of 2014 was $1,020,045 compared to $860,393 for the same period in 2013, an increase of $159,652. The increase in net loss was the result of the increase in gross profit and the increase in operating expenses as described above.

Year Ended December 31, 2013 Compared to Year Ended December 31, 2012

Revenues

Revenues in 2013 were $15,849,869 compared to $15,253,972 in 2012, an increase of $595,897 or 3.9%. This increase is largely due to an increase in service revenue during the year as a result of increased installation revenue. Product revenues in 2013 were $6,346,050 compared to $7,453,222 in 2012, a decrease of $1,107,172 or 14.9%. This decrease from the year ended December 31, 2012 to 2013 resulted from a decrease in cogeneration sales of $591,763 and a decrease in chiller sales of $515,409. Our product mix, as well as product revenue, can vary significantly from period to period as our products are high dollar, low volume sales in which revenue is only recognized upon shipment. As a result, such fluctuation is expected.

Revenues derived from our service centers including installation activities, in 2013 were $9,503,819 compared to $7,800,750 for the same period in 2012, an increase of $1,703,069 or 21.8%. Our service operation grows along with sales of cogeneration and chiller systems since the majority of our product sales are accompanied by a service contract or time and materials agreements. As a result our "fleet" of units being serviced by our service department grows with product sales. In addition, our service department revenue has increased due to turnkey projects of $2,432,431 in 2013 compared to $711,259 in 2012.

Cost of Sales

Cost of sales in 2013 was $10,819,741 compared to $9,388,898 in 2012, an increase of $1,430,843 or 15.2%. Our gross profit margin was 31.7% in 2013 compared to 38.4% in 2012, a decrease of 6.7%. The decrease in gross profit margin is attributable to the margin on turnkey projects, that, although they provide us with unit sales and the subsequent service contracts, the projects themselves provide a lower gross profit than our traditional service business. In addition, this decrease is attributable to sales of certain Ilios units at below cost. These units are among the first sold, and were sold at a loss in order to provide demonstration units for our sales representatives.

Contract Research and Development

Contract research and development income, which is classified as an offset to applicable expenses, for the years ended December 31, 2013 and 2012 was $127,500 and $126,500, respectively, a decrease of $1,000. Difference is related to the conclusion of contract work during 2013.

Operating Expenses

Operating expenses increased in 2013 to $8,700,232 compared to $7,868,700 in 2012, an increase of $831,532 or 10.6%. This increase was due to increased investments in research and development of approximately $436,000 compared to those of 2012, costs of $258,512 associated with an aborted public offering in the third quarter of 2013, an increase in our selling efforts including attendance at trade shows and the related travel expenses of approximately $150,000 and salaries, and various other expenses.

Selling expenses increased in 2013 to $1,423,587 compared to $1,225,580 for the same period in 2012 due to increased headcount in our sales and marketing departments. In addition, during the year ended December 31, 2013 the Company invested approximately $200,000 in trade shows and a traveling “road show” where three of the Company's products were showcased on an enclosed trailer which traveled through our key territories on the east coast.

Loss from Operations

Loss from operations for the year ended December 31, 2013 was $3,670,104 compared to $2,003,626 for the same period in 2012. The increase in the loss of $1,666,478 was due to the increase in operating expenses and reduction in gross profit as discussed above.

Other Income (Expense), net

Other expense, net for the year ended December 31, 2013 was $137,107 compared to $22,811 for the same period in 2012. Other income (expense) includes interest income and other income of $3,958, net of interest expense on notes payable of $141,065 in 2013. For the same period in 2012, interest and other income was $48,397 and interest expense was $71,208. The decrease in interest income of $44,439 is the result of a decrease in short-term investments.The increase in interest expense of $69,857 was mainly due to demand notes and line of credit with an outstanding balance of $1,200,000.

Provision for Income Taxes

We did not record any benefit or provision for income taxes for the years ended December 31, 2013 and 2012, respectively. As of December 31, 2013 and 2012, the income tax benefits generated from our net losses have been fully reserved.

Noncontrolling Interest

The noncontrolling interest share in the losses of Ilios was $357,722 for the year ended December 31, 2013 compared to $389,480 for the same period in 2012, a decrease of $31,758 or 8.2%. The decrease was due to a reduction in payroll costs that Ilios incurred in 2013, associated with the departure of its Chief Operating Officer in May of 2013 and related forfeiture of stock compensation. Noncontrolling interest ownership percentage as of December 31, 2013 and 2012 was 35.0%.

Net loss

Net loss for the year ended December 31, 2013 was $3,449,489 compared to $1,636,957 for the same period in 2012. The increase in the loss of $1,812,532 was due to the increase in operating expenses and reduction in gross profit as discussed above.

Liquidity and Capital Resources

Consolidated working capital at March 31, 2014 was $4,608,548 compared to $5,565,789 at December 31, 2013, a decrease of $957,241. Included in working capital were cash and cash equivalents of $1,946,891 and $583,720 in short-term investments at March 31, 2014, compared to $7,713,899 in cash and cash equivalents at December 31, 2013. The decrease in working capital is due to the lower cash resulting from operating losses, increases in inventory and unbilled revenue from turnkey projects.

Cash used in operating activities for the three months ended March 31, 2014 was $2,153,202 compared to $255,716 for the same period in 2013. Our accounts receivable balance increased to $4,249,889 at March 31, 2014 compared to $3,740,885 at December 31, 2013, using $509,004 of cash due to timing of billing, shipments, collections and recovery of allowance. In addition, amounts due from related parties increased by $306,305 using cash due to timing of billing, shipments and collections. Our inventory increased to $3,473,257 as of March 31, 2014 compared to $3,343,793 as of December 31, 2013, using $129,464 of cash to purchase inventory to build modules in backlog and to support ongoing turnkey projects.

As of May 15, 2014, the Company's backlog of product and installation projects (and excluding service contracts) was $11 million, consisting of $5.7 million of purchase orders actually received by us and $5.3 million of projects in which the customer's internal approval process is complete, financial resources have been allocated and the customer has made a firm verbal commitment that the order is in the process of execution. Backlog at the beginning of any period is not necessarily indicative of future performance. Our presentation of backlog may differ from other companies in our industry. Our inventory balances have increased to support production demands, tightening available working capital.

Accounts payable decreased to $1,864,044 as of March 31, 2014 from $2,338,046 at December 31, 2013, using $474,002 in cash due to suppliers and service providers. Accrued expenses increased to $1,407,452 as of March 31, 2014 from $1,139,554 as of December 31, 2013, providing $267,898 of cash for operations. Interest payable, related party decreased to zero from $198,450 as of December 31, 2013, using $198,450 of cash.

During the first three months of 2014 our investing activities used $676,106 of cash and included purchases of short-term investments of $583,720 to support performance bonds, purchases of property and equipment of $55,964 and expenditures related to intangible assets of $36,422.

During the first three months of 2014 our financing activities included the payment of principal balances on demand notes payable to our Chief Executive Officer aggregating $2,950,000. In addition we received proceeds from sales of our common stock of $6,300 and proceeds from the exercise of stock options of $6,000.

At March 31, 2014 our commitments included various leases for office and warehouse facilities of $5,183,791 to be paid over several years through 2024. The source of funds to fulfill these commitments will be provided from cash balances, operations or through debt or equity financing.

On March 14, 2013 the Company received a prepayment for purchases of modules, parts and service to be made by American DG Energy in the amount of $827,747. The Company provides a discount on these prepaid purchases equal to 6% per annum on deposit balances. The 6% discount is recorded as interest expense in the accompanying statements of operations. As of March 31, 2014 the outstanding balance on this prepayment was $113,384 and is included in due from related party, net of amounts receivable but not yet due from American DG Energy, in the accompanying condensed consolidated balance sheet.

On March 25, 2013, the Company entered into a Revolving Line of Credit Agreement, or the Credit Agreement, with John N. Hatsopoulos, our Chief Executive Officer. Under the terms of the Credit Agreement, Mr. Hatsopoulos has agreed to lend the Company up to an aggregate of $1,000,000, from time to time, at the written request of the Company. Any amounts borrowed by the Company pursuant to the Credit Agreement will bear interest at the Bank Prime Rate as quoted from time to time in the Wall Street Journal plus 1.5% per year. On August 13, 2013, the Company and Mr. Hatsopoulos agreed to increase the amount that may be outstanding under the Credit Agreement to $1,500,000. On October 3, 2013, the Company signed a demand note for $450,000, which accrues interest at 6%, in favor of John N. Hatsopoulos, the Company's Chief Executive Officer. As discussed above, on January 6, 2014, the Company repaid all debt owed to its Chief Executive Officer, including demand notes with a principal balance $1,750,000 and accrued interest of $175,311 and the line of credit with an outstanding principal balance of$1,200,000 and accrued interest of $25,347.

On March 26, 2014, the Company secured a working line of credit with John Hatsopoulos, the Company's CEO, in the amount of $3,500,000 which may be used in the occurrence of certain events. The Company has not drawn upon this line of credit through and as of May 1, 2014.

Based on our current operating plan, we believe existing resources, including our line of credit and cash and cash flows from operations, will be sufficient to meet our working capital requirements in the short term. As we continue to grow our business, our cash requirements are expected increase. As a result, we will need to raise additional capital through 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 we may need to suspend and significantly reduce our 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. Our cogeneration and chiller system sales are not generally affected by the seasons, although customer goals will be to have chillers installed and running in the spring. Our service team does experience higher demand in the warmer months when cooling is required. These units are generally shut down in the winter and started up again in the spring. This “busy season” for the service team generally runs from May through the end of September.

Off Balance Sheet Arrangements

On July 22, 2013, the Company’s Chief Executive Officer personally pledged to support a bank credit facility of $1,055,000 to support bank guarantees issued on certain construction contracts. This credit facility expires on July 22, 2014.

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	47	Chairperson of the Board of Directors
John N. Hatsopoulos	80	Chief Executive Officer and Director
Robert A. Panora	60	Chief Operating Officer and President
Bonnie J. Brown	51	Chief Financial Officer, Treasurer, and Secretary
George N. Hatsopoulos	87	Director
Ahmed F. Ghoniem	62	Director
Charles T. Maxwell	82	Director
Joseph E. Aoun	61	Director

Angelina M. Galiteva, age 47, has been our Chairperson of the Board of Directors 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. Since 2011, Ms. Galiteva has served on the Board of Governors of the California Independent System Operator (CA ISO), providing direction and oversight for the CA 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 has also been a strategic consultant with Renewable Energy Policy and Strategy Consulting since 2004. 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 qualifies her to be a member of the Board of Directors in light of the Company's business and structure.

John N. Hatsopoulos, age 80, 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 MKT: ADGE), a publicly traded company in the On-Site Utility business since 2000, and the Chairman of EuroSite Power Inc., a subsidiary of American DG Energy Inc. since 2009. 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 Inc., EuroSite Power Inc., and GlenRose Instruments Inc., 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.

Mr. 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. On average, Mr. Hatsopoulos spends approximately 50% 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.

Our Board of Directors has determined that Mr. Hatsopoulos' prior experience as co-founder, president and Chief Financial Officer of Thermo Electron Corporation, 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 60, has been our Chief Operating Officer and President since the organization of the Company in 2000 and the Chief Operating Officer of Ilios since its inception in 2009. 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 system, 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 51, has been our Chief Financial Officer since 2007, our Secretary since 2010 and our Treasurer as of January 1, 2013. 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.

George N. Hatsopoulos, age 87, 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 former 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 Corporation 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' prior experience as founder, Chairman and Chief Executive Officer of Thermo Electron Corporation, 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 62, 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 82, 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. From 1999, until his retirement in 2012, Mr. Maxwell was a Senior Energy Analyst with Weeden & Co. of Greenwich, Connecticut, since 1999, 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, an affiliated company by virtue of common ownership. Since the early 1980s, he has been an active member of an Oxford-based organization comprised of present or past OPEC-county oil ministers and other oil industry executives from 30 countries who meet twice annually to analyze trends in global energy markets. He is a member of the board of directors of Daleco Resources Corporation (OTCQB: DLOV) and Lescarden Inc. (OTC: LCAR). 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 61, has been a member of our Board since 2011. He has been President of Northeastern 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 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 by resolution of the Board of Directors. The directors are elected to serve for one 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 two-thirds 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 Dr. Ghoniem, 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 rules of the NASDAQ Capital Market 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 is available on the Company's website at www.tecogen.com.

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 is available on the Company's website at www.tecogen.com.

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 of Directors 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 of Directors persons 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.

Director Compensation

Each director who is not also one of our employees will receive a fee of $500 per day for service on those days that our Board of Directors and/or each of the Audit, Compensation, or Nominating and Governance Committees hold meetings, or otherwise conduct business. Non-employee directors also will be eligible to receive stock or options awards under our 2006 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 did not receive any compensation in cash prior to or during 2010. Until December 2011, the compensation of directors was only in stock awards.

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.

EXECUTIVE OFFICER AND DIRECTOR 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.

The following table sets forth information with respect to the compensation of our executive officers for the Company's last two completed fiscal years:

Summary Compensation Table

Name and principal position	Year	Salary ($)	Bonus ($)	Stock awards ($)	Option awards ($) (1)	All other compensation ($)	Total ($)
John N. Hatsopoulos	2013	1	—	—	—	—	1
Chief Executive Officer	2012	1	—	—	—	—	1
(Principal Executive Officer)							
Robert A. Panora (2)	2013	163,770	—	—	—	1,032	164,802
Chief Operating Officer and President	2012	163,770	—	—	—	1,032	164,802
Bonnie J. Brown (3)	2013	156,000	—	—	—	360	156,360
Chief Financial Officer, Treasurer and Secretary	2012	156,000	—	—	—	360	156,360
(Principal Financial Officer)							
Anthony S. Loumidis (4)							
Former Vice President and Treasurer	2012	—	—	—	—	25,091	25,091

(1) The amounts in the "Stock Option Awards" column reflect the aggregate grant date fair value of the awards computed in accordance with FASB ASC Topic 718. The assumptions used by us with respect to the valuation of stock and option awards are set forth in *Note 10 – Stockholders' equity* to our financial statements included elsewhere in this registration statement.

(2) Includes group life insurance of $1,032 for 2013 and 2012, respectively.

(3) Includes group life insurance of $360 for 2013 and 2012.

(4) Mr. Loumidis resigned as Vice President and Treasurer of the Company effective December 31, 2012.

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 31, 2013:

	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]	62,500	62,500	2.60	2/14/2021	138,350	622,575
Bonnie J. Brown [4][5]	25,000	—	1.20	2/13/2015	12,500	56,250
Bonnie J. Brown [6]	50,000	—	2.00	3/11/2019	—	—
Bonnie J. Brown [7]	18,750	6,250	2.60	2/18/2020	—	—

(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 on January 17, 2014, which was $4.50 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 138,350 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 12,500 shares of restricted Common Stock at a purchase price of $.004 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.

Director Compensation

Each director who is not also one of our employees will receive a fee of $500 per day for service on those days that our Board of Directors and or each of the Audit, Compensation or Nominating and Governance Committees hold meetings, or otherwise conduct business. Non-employee directors also will be eligible to receive stock or option 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.

The following table sets forth information with respect to the compensation of our directors as of December 31, 2013:

Name	Fees earned or paid in cash ($)	Stock awards ($)	Option awards ($)	All other compensation ($)	Total ($)
Angelina M. Galiteva	1,500	—	—	—	1,500
John N. Hatsopoulos	—	—	—	—	—
George N. Hatsopoulos	—	—	—	—	—
Ahmed F. Ghoniem	500	—	—	—	500
Charles T. Maxwell	1,000	—	—	—	1,000
Joseph E. Aoun	—	—	—	—	—

Outstanding Equity Awards at Fiscal Year-End Table

The following table summarizes the outstanding equity awards held by each director as of December 31, 2013:

	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)	12,500	12,500	2.60	2/14/2021	25,000	112,500
John N. Hatsopoulos	—	—	—	—	—	—
George N. Hatsopoulos	—	—	—	—	—	—
Ahmed F. Ghoniem (4) (5)	12,500	12,500	2.60	2/14/2021	25,000	112,500
Charles T. Maxwell (6) (7)	12,500	12,500	2.60	2/14/2021	25,000	112,500
Joseph E. Aoun (8)	—	25,000	4.50	12/31/2023	—	—

(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 on January 17, 2014, which was $4.50 per share.

(2) Includes 25,000 shares of restricted Common Stock at a purchase price of $.004 per share granted on December 13, 2006, with 100% of the shares vesting one year after the Company's initial public offering.

(3) 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, provided that Ms. Galiteva serves as a director or consultant to the Company.

(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 three anniversaries, provided that Mr. Ghoniem serves as a director or consultant to the Company.

(5) Includes 25,000 shares of restricted Common Stock at a purchase price of $.004 per share granted on October 1, 2008, with 100% of the shares vesting 180 days after the Company's initial public offering.

(6) 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, provided that Mr. Maxwell serves as a director or consultant to the Company.

(7) Includes 25,000 shares of restricted Common Stock at a purchase price of $.004 per share granted on October 1, 2008, with 100% of the shares vesting 180 days after the Company's initial public offering.

(8) Includes stock option award granted on December 31, 2013, with 25% of the shares vesting on December 31, 2014, and then an additional 25% of the shares vesting on each of the subsequent three anniversaries, provided that Dr. Aoun serves as a director or consultant to the Company.

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

2006 Stock Incentive Plan

The Company's 2006 Stock Incentive Plan, or Stock Plan, provides for the grant of stock-based awards to employees, officers and directors of, and consultants or advisors to, the Company and any of its present or future parents, subsidiaries or affiliates. The Stock Plan is included as Exhibit 10.1 hereto.

Under the Stock Plan, the Company may grant stock options, restricted stock and other stock-based awards. As of December 31, 2013, a total of 1,148,000 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.

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 31, 2013, 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	1,148,000	$ 2.13	58,683
Equity compensation plans not approved by security holders	—	—	—
Total	1,148,000	$ 2.13	58,683

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 shares 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

None of our executive officers serve 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 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 December 31, 2013, Robert A. Panora, our Chief Operating Officer and President, had 62,500 stock options and 138,350 shares of restricted stock that had not vested and Bonnie J. Brown, our Chief Financial Officer, had 6,250 stock options and 12,500 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 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 the option has not fully vested, the 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 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 90 days of completion of the transaction for resale to the public pursuant to the Securities Act.

Director Independence

Under Rule 5605(b)(1) of the Nasdaq Marketplace Rules, independent directors must comprise a majority of a listed company's board of directors within one year of listing. In addition, Nasdaq Marketplace Rules require that, subject to specified exceptions, each member of a listed company's audit, compensation, and nominating and governance committees be independent. Audit committee members must also satisfy the independence criteria set forth in Rule 10A-3 under the Exchange Act, and compensation committee members must also satisfy the independence criteria set forth in Rule 10C under the Exchange Act. Under Nasdaq Marketplace Rule 5605(a)(2), a director will only qualify as an "independent director" if, in the opinion of that company's board of directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In order to be considered to be independent for purposes of Rule 10A-3, a member of an audit committee of a listed company may not, other than in his or her capacity as a member of the audit committee, the board of directors, or any other board committee: (1) accept, directly or indirectly, any consulting, advisory, or other compensatory fee from the listed company or any of its subsidiaries; or (2) be an affiliated person of the listed company or any of its subsidiaries.

Our Board of Directors intends to review its composition, the composition of its committees and the independence of each director according to the independence standards established by applicable SEC rules and the Nasdaq Marketplace Rules. As part of its review, our Board of Directors will consider the relationships that each non-employee director has with our company and all other facts and circumstances our Board of Directors deems relevant in determining their independence, including the beneficial ownership of our capital stock by each non-employee director.

PRINCIPAL AND SELLING SHAREHOLDERS

The first table below sets forth information with respect to the beneficial ownership of our Common Stock as of June 13, 2014 by:

- each of our named executive officers;
- all of our directors and executive officers as a group; and
- each person, or group of affiliated persons, who is known to us to beneficially own more than 5% of our outstanding shares of Common Stock.

None of our Directors or executive officers are selling shares in this offering. None of our 5% or greater shareholders is selling any shares in this secondary offering, except as noted in the following paragraph. The wife of our Chief Executive Officer, Patricia Hatsopoulos, is a selling stockholder.

The second table sets forth information with respect to the beneficial ownership of our Common Stock as of June 13, 2014 by the selling stockholders. Except as otherwise noted, the selling shareholders are selling all of their shares that are beneficially owned by them. None of the selling shareholders owns more than 1% of the Company's outstanding Common Stock, except for the Michaelson Capital Special Finance Fund LP, which owns 444,445 shares of Common Stock and 555,556 shares issuable upon conversion of convertible debt, or a total of 1,000,001 shares and 6.1% of the Company's outstanding Common Stock. The number of our shares owned by the selling stockholders after the offering will be 0, as will their percentage ownership of the Company's Common Stock.

The selling stockholders are not registered broker-dealers, with the exception of: a) Anthony Low-Beer who is a registered representative with Scarsdale Equities LLC a FINRA member firm; b) ALB Private Investments LLC, which is 100% owned by Anthony Low-Beer's IRA account; c) Isac Huberman, who is a registered broker with Williams Financial Group, and d) Jeb S. Armstrong, who is a registered representative with Clear Harbor Asset Management, LLC. The selling stockholders that are broker-dealers or registered representatives with a broker-dealer may be deemed underwriters. The selling stockholders purchased the securities in the ordinary course of their businesses and at the time of the purchase they did not have any agreements or understandings directly or indirectly with any person to distribute the securities.

Except as otherwise indicated, to our knowledge, the persons named in the table below have sole voting and investment power with respect to all shares of Common Stock shown as beneficially owned by them, subject to community property laws, where applicable, and the address for each of the named directors and executive officers is 45 First Avenue, Waltham, MA 02451.

The number of shares beneficially owned by each shareholder is determined under rules promulgated by the SEC. The information does not necessarily indicate beneficial ownership for any other purpose. Under those rules, the number of shares of Common Stock deemed outstanding includes shares issuable upon exercise of stock options held by the respective person or group that may be exercised within 60 days. For purposes of calculating each person's or group's percentage ownership, shares of Common Stock issuable pursuant to stock options exercisable within 60 days after June 13, 2014 are reflected in the table below and included as outstanding and beneficially owned for that person or group but are not treated as outstanding for the purpose of computing the percentage ownership of any other person or group. The percentages of shares outstanding provided in the table are based on a total of 15,809,306 shares of our Common Stock outstanding on June 13, 2014. For purposes of the table below, we have assumed that all shares offered in this offering will be sold by the selling stockholders.

Directors, Executive Officers and 5% Shareholders	Shares Beneficially Owned Prior to this Offering		Number of Shares Being	Shares Beneficially Owned After this Offering	
	Number[1]	Percent	Offered[1]	Number[1]	Percent
5% or Greater Shareholders					
John N. Hatsopoulos[2]	3,718,939	23.5%	100	3,718,839	23.5%
George N. Hatsopoulos[3]	3,554,651	22.5%	—	3,554,651	22.5%
Michaelson Capital Special Finance Fund[4]	1,000,001	6.1%	1,000,001	—	—%
RBC cees Nominees Limited[5]	904,105	5.7%	—	904,105	5.7%
Joseph J. Ritchie[6]	896,613	5.7%	—	896,613	5.7%
Directors and Executive Officers					
John N. Hatsopoulos[2]	3,718,939	23.5%	100	3,718,839	23.5%
George N. Hatsopoulos[3]	3,554,651	22.5%	—	3,554,651	22.5%
Robert A. Panora[7]	257,100	1.6%	—	257,100	1.6%
Bonnie J. Brown[8]	112,500	0.7%	—	112,500	0.7%
Charles T. Maxwell[9]	93,750	0.6%	—	93,750	0.6%
Angelina M. Galiteva[10]	68,750	0.4%	—	68,750	0.4%
Ahmed M. Ghoniem[11]	43,750	0.3%	—	43,750	0.3%
Joseph E. Aoun	—	—	—	—	—
All directors and executive officers as a group (8 individuals)	7,849,440	47.3%	—	7,849,340	47.3%

(1) The number of shares beneficially owned by each shareholder is determined under rules promulgated by the SEC. The information does not necessarily indicate beneficial ownership for any other purpose. Under those rules, the number of shares of Common Stock deemed outstanding includes shares issuable upon exercise of stock options held by the respective person or group that may be exercised within 60 days of June 26, 2014. For purposes of calculating each person's or group's percentage ownership, shares of Common Stock issuable pursuant to stock options exercisable within 60 days after June 26, 2014 are reflected in the table below and included as outstanding and beneficially owned for that person or group but are not treated as outstanding for the purpose of computing the percentage ownership of any other person or group.

(2) Includes: (a) 2,135,210 shares of Common Stock held by J&P Enterprises LLC for the benefit of: (1) John N. Hatsopoulos and (2) Patricia L. Hatsopoulos, and of which John N Hatsopoulos is the Executive Member and has voting and investment power; (b) 593,770 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; (c) 989,859 shares of Common Stock held by The John N. Hatsopoulos Family Trust 2007 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; and (d) 100 shares of Common Stock held by Patricia L. Hatsopoulos, John's spouse.

(3) Includes: (a) 1,304,651 shares of Common Stock, directly held by Dr. George N. Hatsopoulos; and (b) 2,250,000 shares of Common Stock held by The Hatsopoulos Family 2012 Trust. This amount does not include (a) 234,049 shares of Common Stock held in the 1994 Hatsopoulos Family Trust for the benefit of Nicolas Hatsopoulos, for which Ms. Daphne Hatsopoulos and Mr. Gordon Erhlich are the trustees, and (b) 334,049 shares of Common Stock held by the 1994 Hatsopoulos Family Trust for the benefit of Marina Hatsopoulos Bornhorst, for which Ms. Daphne Hatsopoulos and Mr. Gordon Erhlich are the trustees. These trusts are for the benefit of Dr. Hatsopoulos's adult children. Dr. Hatsopoulos disclaims beneficial ownership of the shares held by these trusts. The percentage of shares owned after the offering assumes that Dr. Hatsopoulos does not sell any shares in this offering.

(4) Includes: (a) 444,445 shares of Common Stock purchased December 23, 2013; and (b) 555,556 shares of Common Stock issuable upon conversion of $3,000,000 principal amount of 4% convertible debentures.

(5) Includes 904,105 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.

(6) Includes 896,613 shares of Common Stock, directly held by Mr. Ritchie. The address of Mr. Ritchie is 2100 Enterprise Avenue, Geneva, IL 60134.

(7) Includes: (a) 163,350 shares of Common Stock, directly held by Mr. Panora, and (b) options to purchase 93,750 shares of Common Stock exercisable within 60 days of June 26, 2014.

(8) Includes: (a) 12,500 shares of Common Stock, directly held by Ms. Brown, and (b) options to purchase 100,000 shares of Common Stock exercisable within 60 days of June 26, 2014.

(9) Includes: (a) 75,000 shares of Common Stock, directly held by Mr. Maxwell, and (b) options to purchase 18,750 shares of Common Stock exercisable within 60 days of June 26, 2014.

(10) Includes: (a) 50,000 shares of Common Stock, directly held by Ms. Galiteva, and (b) options to purchase 18,750 shares of Common Stock exercisable within 60 days of June 26, 2014.

(11) Includes: (a) 25,000 shares of Common Stock, directly held by Mr. Ghoniem, and (b) options to purchase 18,750 shares of Common Stock exercisable within 60 days of June 26, 2014.

Selling Shareholders	Date of Transaction	Number of Shares Beneficially Owned Prior to this Offering and Being Offered Hereby
Bruno Meier [1]	10/16/2013	66,667
Isac Huberman [2]	11/6/2013	11,111
Anthony B. Low-Beer [3]	11/25/2013	27,500
ALB Private Investments, LLC [3]	11/25/2013	26,250
Patricia Hatsopoulos[4]	12/19/2013	100
Michaelson Capital Special Finance Fund LP (shares owned) [5]	12/23/2013	444,445
Michaelson Capital Special Finance Fund LP (shares issuable on conversion of convertible debt)[5]	12/23/2013	555,556
Jeb S. Armstrong[6]	12/23/2013	1,700
Prime World, Inc. [7]	12/30/2013	1,000
John H. Jephson [8]	1/10/2014	100

[1] Common stock purchased by Bruno Meier, who is a director on the Board of EuroSite Power, Inc. a majority owned subsidiary of related company American DG Energy, Inc.

[2] Common stock purchased by Isac Huberman, who is a registered broker with Williams Financial Group.

[3] Anthony B. Low-Beer is a registered representative with Scarsdale Equities LLC a FINRA member firm and ALB Private Investments LLC is 100% owned by an IRA Account in the name of Anthony Low-Beer.

[4] Common stock purchased by Patricia L. Hatsopoulos, insider and Chief Executive Officer John N. Hatsopoulos's spouse.

[5] Common stock of 444,445 and 555,556 of common stock upon the full conversion of debt into common stock held by a 5% shareholder listed in the 5% holders table with the control over share disposition and voting held by John C. Michaelson.

[6] Common stock purchased by Jeb S. Armstrong, who is a registered representative with Clear Harbor Asset Management, LLC.

[7] Common stock purchased by Prime World Inc. were purchased under the control of Joan Giacinti, a director of both American DG Energy, a related corporation and EuroSite Power a majority owned subsidiary of a related corporation.

[8] Common stock purchased by John H. Jephson, not an insider but related by marriage to a child of the insider John N. Hatsopoulos.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Company has five affiliated companies: (a) American DG Energy, a publicly traded company that distributes, owns and operates on-site energy systems that produce electricity, hot water, heat, and cooling in the United States; (b) EuroSite Power, a publicly traded company that distributes, owns, and operates on-site energy systems that produce electricity, hot water, heat, and cooling in the United Kingdom and Europe; (c) GlenRose Instruments, a company that provides radiological services, operates a radiochemistry laboratory network, and provides radiological characterization and analysis, hazardous, radioactive, and mixed waste management, facility, environmental, safety, and industrial hygiene health management; (d) Pharos, a private company that offers investment services in the healthcare sector; and (e) Levitronix Technologies LLC, or Levitronix, a worldwide leader in magnetically levitated bearingless motor technology, specializing in supplying medical blood pumps to the medical community and ultra-pure fluid handling devices for microelectronics, life science, and industrial applications.

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, GlenRose Instruments, Pharos, and Levitronix do not own any shares of the Company, and the Company does not own any shares of American DG Energy, EuroSite Power, GlenRose Instruments, Pharos, or Levitronix. The businesses of GlenRose Instruments, Pharos, and Levitronix are not related to the business of the Company.

American DG Energy, EuroSite Power, GlenRose Instruments, Pharos and Levitronix are affiliated companies by virtue of common ownership. The common stockholders include:

- John N. Hatsopoulos, the Company's Chief Executive Officer who is also: (a) the Chief Executive Officer and a director of American DG Energy and holds 10.7% of the company's common stock; (b) the Chairman of EuroSite Power; (c) a director of Ilios and holds 7.2% of the company's common stock; and (d) 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, and is also: (a) a director of American DG Energy and holds 13.6% of the company's common stock; (b) an investor in Ilios and holds 3.1% of the company's common stock; (c) an investor of GlenRose Instruments and holds 15.7% of the company's common stock; (d) an investor of Pharos and may be deemed to hold 24.4% of the company's common stock; and (e) a director and an investor of Levitronix and may be deemed to hold 21.4% of the company's common stock.

Additionally, the following related persons had or may have a direct or indirect material interest in our transactions with our affiliated companies:

- Barry J. Sanders, who is: (a) the President and Chief Operating Officer of American DG Energy, (b) the Chief Executive Officer and a director of EuroSite Power and (c) the Chairman of Ilios.
- Anthony S. Loumidis, the Company's former Vice President and Treasurer who is: (a) the former Chief Financial Officer Secretary and Treasurer of American DG Energy, (b) the former Chief Financial Officer Secretary and Treasurer of EuroSite Power, (c) the former Chief Financial Officer Secretary and Treasurer of GlenRose Instruments and (d) the former Treasurer of Ilios.

American DG Energy has sales representation rights to the Company's products and services in New England. Revenue from sales of cogeneration and chiller systems, parts and service to American DG Energy during the years ended December 31, 2013 and 2012 amounted to $758,930 and $3,795,666, respectively.

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. American DG Energy has not yet sold any products under this agreement and therefore, no amounts have been required to be paid.

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, who subscribed for debentures having an initial principal amount of $200,000; the John N. Hatsopoulos 1989 Family Trust for the benefit of Nia Marie Hatsopoulos, or the Nia Hatsopoulos Trust, which subscribed for debentures having an initial principal amount of $50,000; and the John N. Hatsopoulos 1989 Family Trust for the benefit of Alexander John Hatsopoulos, or the Alexander Hatsopoulos Trust, which subscribed for debentures having an initial principal amount of $50,000. Nia Hatsopoulos and Alexander Hatsopoulos are John N. Hatsopoulos' adult children. John N. Hatsopoulos disclaims beneficial ownership of the shares held by these trusts. The debentures accrue interest at a rate of 6% per annum and were 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 $1.20 per share.

On September 24, 2007, George N. Hatsopoulos, the Nia Hatsopoulos Trust and the Alexander Hatsopoulos Trust, holding debentures representing a majority of the then-outstanding principal amount of the debentures, agreed to extend the debenture term to September 24, 2011.

On May 11, 2009, George N. Hatsopoulos converted $109,033 of the principal amount under the debentures held by him, together with accrued interest in the amount of $90,967 into 400,000 shares of Common Stock of Ilios, the Company's then newly-formed subsidiary, which were previously held by the Company, at a conversion price of $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, Joseph J. Ritchie elected to convert the outstanding principal amount under the debenture held by him, $30,000, together with accrued interest of $14,433, into 37,028 shares of the Company's Common Stock at a conversion price of $1.20 per share.

On September 24, 2011, George N. Hatsopoulos, the Nia Hatsopoulos Trust and the Alexander Hatsopoulos Trust, holding debentures representing a majority of the then-outstanding principal amount of the debentures, agreed to extend the term of the debentures to September 24, 2013 and requested that accrued interest in the aggregate amount of approximately $72,960 be converted into the Company's Common Stock at $2.00 per share (which was the average price of the Company's stock between September 24, 2001 and September 24, 2011). As a result, the Company issued 6,474 shares of Common Stock to George N. Hatsopoulos, 15,003 shares of Common Stock to the Nia Hatsopoulos Trust and 15,003, shares of Common Stock to the Alexander Hatsopoulos Trust.

On September 30, 2012, the remaining principal amount under the debentures held by the Nia Hatsopoulos Trust and the Alexander Hatsopoulos Trust, including the applicable accrued interest, was converted into 42,620 shares of Common Stock issued to each of the Nia Hatsopoulos Trust and the Alexander Hatsopoulos Trust.

On September 20, 2013, the term of the debentures held by George N. Hatsopoulos was extended to October 31, 2013. On October 18, 2013, George N. Hatsopoulos elected to convert the outstanding principal balance of the debenture held by him of $90,967 into 75,806 shares of the Company's Common Stock at a conversion price of $1.20 per share. In addition, Mr. Hatsopoulos requested that the accrued interest earned in 2012 in the amount of $6,913 be converted into 2,161 shares of the Company's Common Stock at a conversion price of $3.20 per share and that the accrued interest earned on or after January 1, 2013 in the amount of $4,366 be converted into 970 shares of the Company's Common Stock at a conversion price of $4.50 per share.

On May 11, 2009, John Hatsopoulos converted an aggregate of $427,432 in principal amount under demand notes held by him, together with accrued interest in the amount of $72,568 into 1,000,000 shares of Common Stock of Ilios, which were previously held by the Company, at a conversion price of $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 10, 2008, the Company entered into a demand note agreement with John N. Hatsopoulos 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%. On November 30, 2012, the Company entered into an additional demand note agreement with John N. Hatsopoulos in the principal amount of $300,000 at an annual interest rate of 6%. On October 3, 2013, the Company signed a demand note for $450,000, which accrues interest at 6%, to John N. Hatsopoulos, the Company's Chief Executive Officer. Unpaid principal and interest on the demand notes are due upon demand. On January 6, 2014 these demand notes were paid in full with accrued interest.

On March 25, 2013, the Company entered into a Revolving Line of Credit Agreement, or the Credit Agreement, with John N. Hatsopoulos, our Chief Executive Officer. Under the terms of the Credit Agreement, as amended on August 13, 2013, Mr. Hatsopoulos has agreed to lend the Company up to an aggregate of $1,500,000 from time to time, at the written request of the Company. Any amounts borrowed by the Company pursuant to the Credit Agreement will bear interest at the Bank Prime Rate as quoted from time to time in the Wall Street Journal plus 1.5% per year. Repayment of the principal amount borrowed pursuant to the Credit Agreement will be due on March 1, 2014. In addition, the Company may prepay accrued interest, provided that prepayment may not be made prior to January 1, 2014. As of December 31, 2013 the Company has borrowed $1,200,000 pursuant to the Credit Agreement. On January 6, 2014, the Company repaid the then outstanding principal balance of $1,200,000 together with accrued interest of $25,347.

If the Company's existing resources, including cash and cash equivalents and future cash flows from operations are not sufficient to meet the working capital requirements of the Company's existing business through 2014, John Hatsopoulos has committed to provide any shortfall in the form of a demand note.

On March 26, 2014, the Company entered into a Revolving Line of Credit Agreement, or the 2014 Credit Agreement, with John N. Hatsopoulos, our Chief Executive Officer. Under the terms of the 2014 Credit Agreement, Mr. Hatsopoulos has agreed to lend the Company up to an aggregate of $3,500,000 from time to time, at the written request of the Company. Any amounts borrowed by the Company pursuant to the 2014 Credit Agreement will bear interest at the Bank Prime Rate as quoted from time to time in the Wall Street Journal plus 1.5% per year. Repayment of the principal amount borrowed pursuant to the 2014 Credit Agreement will be due on March 25, 2015.

For additional disclosure on the Company's debt see Note 7 – Demand notes payable, convertible debentures and line of credit – related party.

John N. Hatsopoulos' salary is $1.00 per year. On average, Mr. Hatsopoulos spends approximately 50% 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.

On July 1, 2012 the Company signed a Facilities and Support Services Agreement, or the Facilities and Support Services Agreement, with American DG Energy for a period of one year, renewable annually, on July 1st, by mutual agreement. Under this agreement, the Company provides American DG Energy with certain office and business support services and also 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 the Company to service its chiller and cogeneration products. The Company also provides office space and certain utilities to American DG Energy based on a monthly rate set at the beginning of each year. Also, under this agreement, American DG Energy has sales representation rights to the Company's products and services in New England.

On July 1, 2013 the Company entered into the First Amendment to the Facilities, Support Services and Business Agreement, or the First Amendment, with American DG Energy. The First Amendment renewed the term of the Facilities and Support Services Agreement for a one year period, beginning on July 1, 2013. The First Amendment also increased the space provided to the Company by Tecogen from approximately 3,071 square feet to 3,282 square feet and from six offices to nine offices. Under the First Amendment, the amount that American DG Energy will pay the Company for the space and services that it provides under the Facilities and Support Services Agreement increased to $6,495 per month. The First Amendment further clarifies that the total sales thresholds for volume discounts are to be met during a calendar year and that American DG Energy's representation rights may be terminated by either the Company or American DG Energy upon 60 days' notice, without cause.

On November 12, 2013, the Company entered into the Second Amendment to the Facilities, Support Services and Business Agreement, or the Second Amendment. The Second Amendment modified the exclusivity arrangement of the Facilities and Support Services Agreement between the Company and American DG Energy to state that in New England States American DG Energy shall have the right to purchase cogeneration products directly from the Company as described in the agreement so long as American DG Energy intends to retain long-term ownership of the cogeneration product and utilize it for the production and sale of electricity and thermal energy. The Company will not sell its products to parties for which the intended use is to earn revenue from metered energy to third parties other than American DG Energy. In cases where American DG Energy has the opportunity to sell cogeneration products to an unaffiliated party in the New England States and where the Company has no other appointed representation in that specific region, American DG Energy may buy/resell the cogeneration product as specified under the terms of the Facilities and Support Services Agreement. If, however, the Company has appointed a local exclusive representative in that specific New England region, American DG Energy will defer to the local representative for pricing and other specific details for working cooperatively.

In July 2013, the Company obtained a letter of credit for approximately $1.1 million in connection with a performance guarantee for certain of its turnkey installations. This letter of credit was collateralized by $1.055 million in personal funds by John N. Hatsopoulos. If Mr. Hatsopoulos had not provided this collateral, the Company may have been required to provide the collateral itself, and may not have been able to do so.

On November 12, 2013, Ilios entered into the First Amendment to the Sales Representative Agreement with American DG Energy Inc. The Amendment modifies and defines territories covered under the Agreement.

The Company subleases portions of its corporate offices and manufacturing facility to sub-tenants under annual sublease agreements. For the years ended December 31, 2013 and 2012, the Company received $113,784 and $158,898, respectively, from American DG Energy, Levitronix LLC and Alexandros Partners LLC. In addition, for the years ended December 31, 2013 and 2012 the Company received from the same companies, $90,348 and $101,218, respectively, to offset common operating expenses incurred in the administration and maintenance of its corporate office and warehouse facility.

Our headquarters is located in Waltham, Massachusetts, and consists of approximately 43,000 square feet of leased space, of which Tecogen occupies approximately 34,600 square feet of manufacturing, storage and office space. We sub-lease the remaining space to Ilios, American DG Energy, and other tenants. Our lease, with an original expiration date of March 31, 2014, was renewed for an additional ten years and will expire March 31, 2024. We believe that our facilities are appropriate and adequate for our current needs.

Revenue from sales of cogeneration and chiller systems, parts and service to American DG Energy during the years ended December 31, 2013 and 2012 amounted to $758,930 and $3,795,666, respectively. In addition, Tecogen pays certain operating expenses, including benefits and insurance, on behalf of American DG Energy. Tecogen was reimbursed for these costs. As of December 31, 2013 the total amount due to American DG Energy was $119,667 As of December 31, 2012, the total amount due from American DG Energy was $70,811.

For additional disclosure related to our related parties and related party transactions see Note 13 — Related party transactions to our financial statements included in this prospectus.

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 where 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.

DESCRIPTION OF COMMON STOCK

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. Information concerning our outstanding Common Stock and stock options is contained in the section entitled “Outstanding Securities and Shares Eligible for Future Sale.”

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

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.

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.

NASDAQ Capital Market

Our Common Stock is listed on the NASDAQ Capital Market under the symbol "TGEN".

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 VStock Transfer LLC.

OUTSTANDING SECURITIES AND SHARES ELIGIBLE FOR FUTURE SALE

Immediately prior to this offering, there has been no public market for our Common Stock. Future sales of substantial amounts of Common Stock in the public market could adversely affect prevailing market prices. The Company does not have any lock-up agreements or registration rights agreements requiring future registration of our Common Stock.

Outstanding Common Stock

As of June 2, 2014 there were 243 holders of record of our Common Stock. See “Principal Stockholders” for information on the holders of our Common Stock. Also see “Description of Securities” for a description of our outstanding and issued capital stock.

Stock Options

As of March 31, 2014, we had 1,186,325 options outstanding under our incentive stock plan at a weighted average exercise price of $2.22. As of such date, 919,250 of those options were exercisable.

Warrants

As of June 25, 2014, there were no warrants outstanding.

SEC Rules Governing Resales of our Common Stock

The shares of our Common Stock covered by this prospectus are freely transferable without restriction. In addition, there are two SEC rules that permit the resale of our Common Stock held by our affiliates and the resale of Common Stock sold in private placements that are not covered by this prospectus.

Rule 144

In general, pursuant to Rule 144, under the Securities Act, as currently in effect, a person (or persons whose shares are aggregated) who is not deemed to have been an affiliate of ours at any time during the three months preceding a sale, and who has beneficially owned restricted securities within the meaning of Rule 144 for a least six months (including certain periods of consecutive ownership of preceding non-affiliated holders) would be entitled to sell those shares, subject only to the availability of current public information about us. Under Rule 144, a person who is not deemed to have been one of our affiliates at any time during the 3 months 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 restriction.

On the other hand, our affiliates or persons selling shares on behalf of our affiliates who own shares that were acquired from us or an affiliate of ours at least six months prior to the proposed sale are entitled to sell within any three-month period beginning 90 days after the date of this prospectus, 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 158,093, shares of our Common Stock estimated as of the date of this prospectus; or
- The average weekly trading volume of our Common Stock during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale, or if no such notice is required, the date of receipt of the order to execute the transaction by a broker or the execution of the transaction directly with a market maker.

Sales under Rule 144 by our affiliates or persons selling shares on behalf of our affiliates are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about us.

Rule 701

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, 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.

Shares Eligible for Future Sale

Based on the number of shares of Common Stock outstanding as of June 11, 2014, upon the closing of this offering:

- The 2,028,145 shares registered in this secondary offering will be available for sale without restriction;
- 5,786,884 shares will be held by non-affiliates for more than six months and will be available for sale without restriction;
- 7,793,190 shares will be held by affiliates are available for sale under Rule 144 or Rule 701, as described above.

PLAN OF DISTRIBUTION

The selling stockholders 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. Our Common Stock is listed on the NASDAQ Capital Market under the symbol "TGEN". The selling stockholders may use any one or more of the following methods when disposing of their shares of Common Stock:

- 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 stockholders 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 stockholders may, from time to time, pledge or grant a security interest in some or all of the shares of Common Stock 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 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 stockholders under this prospectus. The selling stockholders also may transfer their shares of Common Stock 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 shares of Common Stock, the selling stockholders 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 the 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 stockholders from the sale of the shares of Common Stock offered by them will be the purchase price of the shares less discounts or commissions, if any. The selling stockholders 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 shares of Common Stock to be made directly or through agents.

The selling stockholders also may resell all or a portion of their shares in transactions on the OTC Bulletin Board or a national, or international securities exchange, if and when our shares are quoted on such trading markets 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 shares of Common Stock offered in the secondary offering 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.

In order to comply with the securities laws of some states, if applicable, the shares of Common Stock may be sold in these jurisdictions only through registered or licensed brokers or dealers. In addition, in some states the shares of Common Stock 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 stockholders 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 stockholders 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 stockholders for the purpose of satisfying the prospectus delivery requirements of the Securities Act. The selling stockholders 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.

EXPERTS

The consolidated financial statements as of December 31, 2013 and 2012 and for the years then ended, appearing in this registration statement and prospectus have been audited by McGladrey LLP (formerly 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.

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

The validity of our Common Stock offered under this prospectus will be passed upon by Sullivan & Worcester LLP, Boston, Massachusetts.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1, including exhibits and schedules, under the Securities Act with respect to the shares of Common Stock to be sold in this offering. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits and schedules that are part of the registration statement. For further information about us and our securities, you should refer to the registration statement.

We are subject to the information and reporting requirements of the Exchange Act and are required to file annual, quarterly, and current reports, proxy statements, and other information with the SEC. You may read, without charge, and copy, at prescribed rates, all or any portion of the registration statement or any reports, statements, or other information in the files at the public reference room at the SEC's principal office at 100 F Street NE, Washington, D.C., 20549, Room 1580. You may request copies of these documents, for a copying fee, by writing to the SEC. You may call the SEC at 1-800-SEC-0330 for further information on the operation of its public reference room. Our filings, including the registration statement, are also available to you on the Internet website maintained by the SEC at *http://www.sec.gov*.

INDEX TO CONSOLIDATED 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.

Audited Financial Statements

Unaudited Interim Financial Statements

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.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of

Tecogen Inc.

We have audited the accompanying consolidated balance sheets of Tecogen Inc. as of December 31, 2013 and 2012, and the related consolidated statements of operations, stockholders' equity, and cash flows for the years 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 audits.

We conducted our audits 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 audits 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 audits provide 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, 2013 and 2012, and the results of its operations and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

/s/ McGladrey LLP
McGladrey LLP

Boston, Massachusetts
March 31, 2014

CONSOLIDATED BALANCE SHEETS
As of December 31, 2013 and 2012

	2013	2012
ASSETS		
Current assets:		
Cash and cash equivalents	$ 7,713,899	$ 1,572,785
Short-term investments, restricted	—	181,859
Accounts receivable, net	3,740,885	2,700,243
Unbilled revenue	646,398	—
Inventory, net	3,343,793	3,356,622
Due from related party	—	55,837
Deferred financing costs	140,433	—
Prepaid and other current assets	340,013	402,846
Total current assets	15,925,421	8,270,192
Property, plant and equipment, net	638,026	435,612
Intangible assets, net	953,327	372,020
Goodwill	40,870	—
Other assets	72,425	39,425
TOTAL ASSETS	$ 17,630,069	$ 9,117,249
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Demand notes payable and line of credit, related party	$ 2,950,000	$ 1,337,500
Senior convertible promissory note, related party	3,000,000	—
Current portion of convertible debentures, related party	—	90,967
Accounts payable	2,338,046	1,151,010
Accrued expenses	1,139,554	807,922
Deferred revenue	613,915	677,919
Due to related party	119,667	—
Interest payable, related party	198,450	126,170
Total current liabilities	10,359,632	4,191,488
Long-term liabilities:		
Deferred revenue, net of current portion	204,544	142,726
Total liabilities	10,564,176	4,334,214
Commitments and contingencies (Note 8)		
Stockholders' equity:		
Tecogen Inc. stockholders' equity:		
Common stock, $0.001 par value; 100,000,000 shares authorized; 15,155,200 and 13,611,974 issued and outstanding at December 31, 2013 and 2012, respectively	15,155	13,612
Additional paid-in capital	22,463,996	16,360,821
Accumulated deficit	(15,209,212)	(11,759,723)
Total Tecogen Inc. stockholders' equity	7,269,939	4,614,710
Noncontrolling interest	(204,046)	168,325
Total stockholders' equity	7,065,893	4,783,035
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 17,630,069	$ 9,117,249

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

CONSOLIDATED STATEMENTS OF OPERATIONS
For the Years Ended December 31, 2013 and 2012

	2013	2012
Revenues		
Products	$ 6,346,050	$ 7,453,222
Services	9,503,819	7,800,750
	15,849,869	15,253,972
Cost of sales		
Products	4,709,767	5,290,535
Services	6,109,974	4,098,363
	10,819,741	9,388,898
Gross profit	5,030,128	5,865,074
Operating expenses		
General and administrative	7,018,133	6,643,120
Selling	1,423,587	1,225,580
Aborted public offering costs	258,512	—
	8,700,232	7,868,700
Loss from operations	(3,670,104)	(2,003,626)
Other income (expense)		
Interest and other income	3,958	48,397
Interest expense	(141,065)	(71,208)
	(137,107)	(22,811)
Loss before income taxes	(3,807,211)	(2,026,437)
Consolidated net loss	(3,807,211)	(2,026,437)
Less: Loss attributable to the noncontrolling interest	357,722	389,480
Net loss attributable to Tecogen Inc.	$ (3,449,489)	$ (1,636,957)
Net loss per share - basic and diluted	$ (0.26)	$ (0.12)
Weighted average shares outstanding - basic and diluted	13,385,155	13,135,071

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

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the Years Ended December 31, 2013 and 2012

	Tecogen Inc.						
	Common Stock 0.001 Par Value	Additional Paid-In Capital	Common Stock Subscription	Shareholder Receivable	Accumulated Deficit	Noncontrolling Interest	Total
Balance at December 31, 2011	$ 13,498	$15,527,271	$ —	$ (345,000)	$(10,122,766)	$ 150,161	$ 5,223,164
Sale of subsidiary common stock	—	289,606	—	—	—	210,394	500,000
Purchase of subsidiary common stock	—	(174,958)	—	—	—	174,958	—
Sale of common stock	213	679,787	—	—	—	—	680,000
Conversion of related party convertible notes to common stock	83	99,917	—	—	—	—	100,000
Conversion of accrued interest on related party convertible notes to common stock	2	6,098	—	—	—	—	6,100
Settlement of shareholder receivable (Note 10)	(100)	(239,900)	—	345,000	—	—	105,000
Purchase of restricted stock	(84)	(253)	—	—	—	—	(337)
Stock based compensation expense	—	173,253	—	—	—	22,292	195,545
Net loss	—	—	—	—	(1,636,957)	(389,480)	(2,026,437)
Balance at December 31, 2012	13,612	16,360,821	—	—	(11,759,723)	168,325	4,783,035
Sale of common stock	1,477	5,965,328	—	—	—	—	5,966,805
Conversion of related party convertible notes to common stock	76	90,891	—	—	—	—	90,967
Conversion of accrued interest on related party convertible notes to common stock	3	11,277	—	—	—	—	11,280
Exercise of stock options	25	2,975	—	—	—	—	3,000
Forfeiture and repurchase of restricted stock grant	(38)	(112)	—	—	—	(200)	(350)
Stock based compensation expense (forfeiture)	—	32,816	—	—	—	(14,449)	18,367
Net loss	—	—	—	—	(3,449,489)	(357,722)	(3,807,211)
Balance at December 31, 2013	$ 15,155	$22,463,996	$ —	$ —	$(15,209,212)	$ (204,046)	$ 7,065,893

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2013 and 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (3,807,211)	$ (2,026,437)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	256,459	203,775
Provision for losses on accounts receivable	50,600	57,600
Provision (recovery) for inventory reserve	(32,000)	(26,800)
Stock-based compensation	18,367	195,545
Changes in operating assets and liabilities		
(Increase) decrease in:		
Short-term investments, restricted	(202)	(4,776)
Accounts receivable	(1,091,242)	(1,358,611)
Inventory	62,229	(760,836)
Unbilled revenue	(646,398)	—
Due from related party	55,837	243,902
Prepaid expenses and other current assets	62,833	(290,130)
Other assets	(33,000)	(4,000)
Increase (decrease) in:		
Accounts payable	1,187,036	338,796
Accrued expenses	331,632	80,459
Deferred revenue	(2,186)	127,523
Interest payable, related party	83,560	71,208
Due to related party	119,667	—
Net cash used in operating activities	(3,384,019)	(3,152,782)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(202,700)	(219,711)
Purchases of intangible assets	(397,950)	(164,296)
Cash paid for asset acquisition	(497,800)	—
Maturities of short-term investments	182,061	506,345
Net cash provided by (used in) investing activities	(916,389)	122,338
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments made on demand notes payable, related party	(37,500)	—
Proceeds from payments on receivable from shareholder	—	105,000
Proceeds from issuance of demand notes payable and line of credit, related party	1,650,000	300,000
Proceeds from sale of common stock, net of costs	5,966,805	680,000
Proceeds from exercise of stock options	3,000	—
Proceeds from issuance of senior convertible promissory note	3,000,000	—
Payments from debt issuance costs	(140,433)	—
Purchase of restricted stock	(350)	(337)
Proceeds from sale of subsidiary common stock	—	500,000
Net cash provided by financing activities	10,441,522	1,584,663
Net increase (decrease) in cash and cash equivalents	6,141,114	(1,445,781)
Cash and cash equivalents, beginning of the year	1,572,785	3,018,566
Cash and cash equivalents, end of the year	$ 7,713,899	$ 1,572,785
Supplemental disclosures of cash flows information:		
Cash paid for interest	$ 55,639	$ —
Non-cash investing and financing activities:		
Conversion of accrued convertible debenture interest into common stock	$ 11,280	$ 6,100
Conversion of related party notes to common stock	$ 90,967	$ 100,000
Settlement of shareholder receivable	$ —	$ 240,000

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

Note 1 – Nature of business and operations

Tecogen Inc. (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., or Ilios. The investment gave the Company a controlling financial interest in Ilios, whose business focus is 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 the extinguishment of $700,000 in demand notes payable, convertible debentures and accrued interest (see *Note 7 – Demand notes payable and convertible debentures – related party*). On July 24, 2009, Ilios sold 2,710,000 shares of common stock to accredited investors at $0.50 per share and raised $1,352,500. On June 3, 2011, Ilios sold 500,000 shares of common stock to Tecogen at $0.50 per share and raised $250,000 and on December 29, 2011, Ilios sold 1,000,000 shares of common stock to Tecogen at $0.50 per share and raised $500,000. On January 19, 2012, Ilios sold 1,000,000 shares of common stock to an accredited investor and raised $500,000. On December 28, 2012, Ilios sold 1,000,000 shares of common stock to Tecogen at $0.50 per share and raised $500,000. As of December 31, 2013 the Company owns a 65.0% interest in Ilios and has consolidated Ilios into its financial statements.

The accompanying consolidated financial statements include the accounts of the Company and its majority owned subsidiary Ilios, whose business focus is on advanced heating systems for commercial and industrial applications. With the inclusion of unvested restricted stock awards, the Company owns 63.7% of Ilios.

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 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, 2013 and 2012 which exceeded the $250,000 federally insured limit was approximately $7,410,000 and $1,070,000, 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.

There was one customer who represented more than 10% of revenues for the year ended December 31, 2012. The Company has no customers who represented 10% of revenues for the year ended December 31, 2013. Included in trade accounts receivable are amounts from one customer who represents 22% of the accounts receivable balance as of December 31, 2013 and another customer who represented 16% of the accounts receivable balance as of December 31, 2012.

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 approximate fair value, based on estimates using current market rates offered for deposits with similar remaining maturities.

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 February 19, 2013, this letter of credit was cancelled and the certificate of deposit was released from restriction and sold.

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 5 years. A letter of credit, secured by a Certificate of Deposit, for the amount of the investment had been put in place to satisfy the contingency of the redemption right. Since the Company filed a registration statement with the Securities and Exchange Commission on December 23, 2011 the redemption right was no longer valid. The Certificate of Deposit was converted to cash in 2012.

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, 2013 and 2012 the allowance for doubtful accounts was $103,800 and $154,400, 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 market. 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 fifteen 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, certain patent costs and developed technologies. 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.

Goodwill

The Company's goodwill was recorded as a result of the Company's asset acquisition discussed in Note 15. The Company has recorded this transaction using the acquisition method of accounting. The Company tests its recorded goodwill for impairment as of the last day of the year, or more often if indicators of potential impairment exist, by determining if the carrying value of the Company's single reporting unit exceeds its estimated fair value. Factors that could trigger an interim impairment test include, but are not limited to, underperformance relative to historical or projected future operating results, significant changes in the manner of use of the acquired assets or the Company's overall business, significant negative industry or economic trends and a sustained period where market capitalization, plus an appropriate control premium, is less than stockholders' equity.

The Company's impairment test involves a two-step process. In the first step, the Company compares the fair value of the reporting unit to its carrying value. If the fair value of the reporting unit exceeds its carrying value, goodwill is not impaired and no further testing is required. If the fair value of the reporting unit is less than the carrying value, the Company must perform the second step of the impairment test to measure the amount of impairment loss, if any. In the second step, the reporting unit's fair value is allocated to all of the assets and liabilities of the reporting unit, including any unrecognized intangible assets, in a hypothetical analysis that calculates the implied fair value of goodwill in the same manner as if the reporting unit was being acquired in a business combination. If the implied fair value of the reporting unit's goodwill is less than the carrying value, the difference is recorded as an impairment loss. As of December 31, 2013, the Company determined that the fair value of the reporting unit exceeded its carrying value and therefore the second step was not necessary and no impairment was recognized.

Common Stock

The Company's common stock was split one-for-four in a reverse stock split effective July 22, 2013. The effect of this reverse stock split has been retroactively applied to per share data and common stock information.

Impairment of long-lived assets

Long-lived assets, including intangible assets and property and equipment, are evaluated for impairment whenever events or changes in circumstances have indicated that an asset may not be recoverable and are grouped with other assets to the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities. If the sum of the projected undiscounted cash flows (excluding interest charges) is less than the carrying value of the assets, the assets will be written down to the estimated fair value and such loss is recognized in income from continuing operations in the period in which the determination is made. Management determined that no impairment of long-lived assets existed as of December 31, 2013.

Off Balance Sheet Arrangements

On July 22, 2013, the Company’s Chief Executive Officer personally pledged to support a bank credit facility of $1,055,000 to support bank guarantees issued on certain construction contracts.

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. All shares issuable for the years ended December 31, 2013 and 2012 were anti-dilutive because of the reported net loss.

Other Comprehensive Net Loss

The comprehensive net loss for the years ended December 31, 2013 and 2012 does not differ from the reported loss.

Segment Information

The Company reports segment data based on the management approach. The management approach designates the internal reporting that is used by management for making operating and investment decisions and evaluating performance as the source of the Company's reportable segments. The Company uses one measurement of profitability and does not disaggregate its business for internal reporting. The Company has determined that it operates in one business segment which manufactures and supports highly efficient CHP products based on engines fueled by natural gas. All of the Company’s long lived assets reside in the United States of America. All of the Company’s revenue is generated in the United States of America.

The following table summarizes net revenue by product line and services for the years ended December 31, 2013 and 2012:

	2013	2012
Products:		
Cogeneration	$ 5,199,649	$ 5,791,412
Chiller	1,146,401	1,661,810
Total Product Revenue	6,346,050	7,453,222
Services		
Service contracts	7,071,388	7,089,491
Installations	2,432,431	711,259
Total Service Revenue	9,503,819	7,800,750
	$ 15,849,869	$ 15,253,972

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.

The Company has 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 2009, with the exception of loss carryforwards in the event they are utilized in future years. The Company's tax returns are open to adjustment from 2001 forward, as a result of the fact that the Company has loss carryforwards from those years, which may be adjusted in the year those losses are utilized.

Fair Value of Financial Instruments

The Company’s financial instruments are cash and cash equivalents, certificates of deposit, accounts receivable, accounts payable, demand notes, line of credit and convertible debentures due to related parties. The recorded values of cash and cash equivalents, accounts receivable and accounts payable approximate their fair values based on their short-term nature. At December 31, 2013, the recorded value on the consolidated balance sheet of the debentures approximates fair value as the terms approximate those available for similar instruments. Certificates of deposits are classified as short-term investments and approximate fair value, based on estimates using current market rates offered for deposits with similar remaining maturities.

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 granted. For the years ended December 31, 2013 and 2012 no revenues were recorded as 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, 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 selling price 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 and occasionally installation services. 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.

In some cases, our customers may choose to have the Company engineer and install the system for them rather than simply purchase the cogeneration and/or chiller units. In this case, the Company accounts for revenue, or turnkey revenue, and costs using the percentage-of-completion method of accounting. Under the percentage-of-completion method of accounting, revenues are recognized by applying percentages of completion to the total estimated revenues for the respective contracts. Costs are recognized as incurred. The percentages of completion are determined by relating the actual cost of work performed to date to the current estimated total cost at completion of the respective contracts. When the estimate on a contract indicates a loss, the Company's policy is to record the entire expected loss, as required by generally accepted accounting principles. The excess of contract costs and profit recognized to date on the percentage-of-completion accounting method in excess of billings is recorded as unbilled revenue. Billings in excess of related costs and estimated earnings are recorded as deferred revenue.

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, 2013 and 2012, advertising expense was approximately $242,200 and $187,500, 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 $127,500 and $126,500 in fiscal years 2013 and 2012, respectively, which offset the Company's total research and development expenditures of approximately $867,000 and $431,000 for each of the years ended December 31, 2013 and 2012, respectively, which are included in general and administrative expenses in the accompanying consolidated statements of operations.

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.

The determination of the fair value of share-based payment awards is affected by the Company's stock price. Since the Company was not publicly traded when the awards were issued, 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.

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.

Reclassifications

Certain prior period balances have been reclassified to conform with current period presentation. As a result of a four-for-one reverse stock split which took place during the year, a reclassification of $40,836 from common stock to additional paid in capital was retroactively applied to the balances as of December 31, 2012. Also, installation revenue is broken out in the schedule of net revenue by product line and services above; in the prior year this revenue was included in services.

Note 3 – Loss per common share:

Basic and diluted earnings per share for the years ended December 31, 2013 and 2012, respectively, were as follows:

	2013	2012
Loss available to stockholders	$ (3,449,489)	$ (1,636,957)
Weighted average shares outstanding - Basic and diluted	13,385,155	13,135,071
Basic and diluted loss per share	$ (0.26)	$ (0.12)
Anti-dilutive shares underlying stock options outstanding	1,148,000	1,096,500
Anti-dilutive convertible debentures	555,556	75,806

Note 4 – Inventory

Inventories at December 31, 2013 and 2012 consisted of the following.

	2013	2012
Gross raw materials	$ 3,539,732	$ 3,574,620
Less - reserves	(300,000)	(332,000)
Net raw materials	3,239,732	3,242,620
Work-in-process	104,061	114,002
Finished goods	—	—
	$ 3,343,793	$ 3,356,622

Note 5 – Intangible assets other than goodwill

The Company capitalized $171,224 and $17,314 of product certification costs during the years ended December 31, 2013 and 2012, 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 range from approximately 7-10 years. The Company capitalized $226,726 and $146,981 of patent-related costs during the years ended December 31, 2013 and 2012, respectively. The Company also capitalized $240,000 certain developed technology in connection with an asset acquisition which is being amortized over its useful life of fifteen years. Intangible assets at December 31, 2013 and 2012 consist of the following:

	Product Certifications	Patents	Developed Technology	Total
Balance at December 31, 2013				
Intangible assets	$ 406,706	$ 441,609	240,000	$ 1,088,315
Less - accumulated amortization	(83,405)	(39,583)	(12,000)	(134,988)
	$ 323,301	$ 402,026	$ 228,000	$ 953,327
Balance at December 31, 2012				
Intangible assets	$ 235,482	$ 214,883	—	$ 450,365
Less - accumulated amortization	(57,798)	(20,547)	—	(78,345)
	$ 177,684	$ 194,336	$ —	$ 372,020

Amortization expense was $56,643 and $33,896 during the years ended December 31, 2013 and 2012, respectively. Estimated amortization expense at December 31, 2013 for each of the five succeeding years is as follows:

2014	$ 80,937
2015	119,758
2016	119,758
2017	119,758
2018	113,560
Thereafter	399,556
	$ 953,327

Note 6 – Property and equipment

Property and equipment at December 31, 2013 and 2012 consisted of the following:

	Estimated Useful Life (in Years)	2013	2012
Machinery and equipment	5 - 7 years	$ 773,894	$ 478,290
Furniture and fixtures	5 years	79,612	54,058
Computer software	3 - 5 years	67,215	56,935
Leasehold improvements	*	397,158	326,366
		1,317,879	915,649
Less - accumulated depreciation and amortization		(679,853)	(480,037)
Net property, plant and equipment		$ 638,026	$ 435,612

* Lesser of estimated useful life of asset or lease term

Depreciation and amortization expense on property and equipment for the years ended December 31, 2013 and 2012 was $199,816 and $169,879, respectively. Estimated depreciation expense at December 31, 2013 for each of the five succeeding years is as follows:

2014	$ 171,691
2015	130,287
2016	105,792
2017	79,616
2018	52,851
Thereafter	97,789
	$ 638,026

Note 7 – Demand notes payable, convertible debentures and line of credit

Demand notes payable to related parties consist of various demand notes outstanding to stockholders totaling $1,750,000 and $1,337,500 at December 31, 2013 and 2012, respectively. The primary lender is John N. Hatsopoulos, the company's Chief Executive Officer, who holds $1,750,000 and $1,300,000 of the demand notes as of December 31, 2013 and 2012, 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 January 6, 2014, the Company repaid the then outstanding principal balance of $1,750,000 together with accrued interest of $175,311.

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 $1.20. On September 24, 2011 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, 2011 to September 24, 2013.

On May 11, 2009 the Company sold 1,400,000.00 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.

On September 30, 2009, Joseph J. Ritchie elected to convert $30,000 of the outstanding principal amount of the debenture, plus accrued interest of $14,433, into 37,028 shares of Common Stock at a conversion price of $1.20 per share.

On September 30, 2012, certain holders of the debentures converted the principal amount of $ 100,000 and accrued interest in the amount of $6,100 into 85,242 shares of the Company's Common Stock. At December 31, 2012 there were 75,806 shares of common stock issuable upon conversion of the Company's outstanding convertible debentures. At December 31, 2012, the principal amount of the Company's convertible debentures was $90,967 which was due on September 24, 2013.

On October 18, 2013, the remaining holder of the debentures, George N. Hatsopoulos, converted the principal balance of $90,967 into 75,806 shares of the Company's common stock at a conversion price of $1.20 per share. In addition, Mr. Hatsopoulos requested that the accrued interest earned in 2012 in the amount of $6,913 be converted into 2,161 shares of the Company's common stock at a conversion price of $3.20 per share and that the accrued interest earned on or after January 1, 2013 in the amount of $4,367 be converted into 970 shares of the Company's common stock at a conversion price of $4.50 per share.

On March 25, 2013, the Company entered into a Revolving Line of Credit Agreement, or the Credit Agreement, with John N. Hatsopoulos, our Chief Executive Officer. Under the terms of the Credit Agreement, as amended on August 13, 2013, Mr. Hatsopoulos has agreed to lend the Company up to an aggregate of $1,500,000 from time to time, at the written request of the Company. Any amounts borrowed by the Company pursuant to the Credit Agreement will bear interest at the Bank Prime Rate as quoted from time to time in the Wall Street Journal plus 1.5% per year. Repayment of the principal amount borrowed pursuant to the Credit Agreement will be due on March 1, 2014. In addition, the company may prepay accrued interest, provided that prepayment may not be made prior to January 1, 2014.The Credit Agreement terminated on March 1, 2014. As of December 31, 2013 the Company has borrowed $1,200,000 pursuant to the Credit Agreement. On January 6, 2014, the Company repaid the then outstanding principal balance of $1,200,000 together with accrued interest of $25,347.

On December 23, 2013, the company entered into a Senior Convertible Promissory Note (the "Note") with Michaelson Capital Special Finance Fund LP, ("Michaelson"), for the principal amount of $3,000,000 with interest at 4% per annum for a term of three years. In the event of default such interest rate shall accrue at 8% after the occurrence of the event of default and during continuance plus 2% after the occurrence and during the continuance of any other event of default. The Note is a senior unsecured obligation which pays interest only on a monthly basis in arrears at a rate of 4% per annum, unless earlier converted in accordance with the terms of the agreement prior to such date. The principal amount, if not converted, is due on the third anniversary of the Note, December 31, 2016. The Note is senior in right of payment to any unsecured indebtedness that is expressly subordinated in right of payment to the Note.

The principal balance of the Note, together with any unpaid interest, is convertible into shares of the Company's common stock at 185.19 shares of our common stock per $1,000 principal amount of Note (equivalent to a conversion price of $5.40 per share) at the option of Michaelson. If at any time the common stock of the Company is (1) trading on a national securities exchange, (2) qualifies for unrestricted resale under federal securities laws and (3) the arithmetic average of the volume weighted average price of the Common Stock for the twenty consecutive trading days preceding the Company's notice of mandatory conversion exceeds $150,000, the Company shall have the right to require conversion of all of the then outstanding principal balance together with unpaid interest of this Note into the Company's common stock based on the conversion price of $5.40 per share.

The Company may prepay all of the outstanding principal and interest due and payable under this Note in full, at any time prior to the maturity date for an amount equal to 120% of the then outstanding principal and interest due and payable as of the date of such prepayment.

Upon change of control, as defined by the Note, at Michaelson's option, the obligations may be assumed, on the terms and conditions in this Note, through an assignment and assumption agreement, or the Company may prepay all of the then outstanding principal and unpaid interest under this Note in full at the optional 120% prepayment amount. This provision creates an embedded derivative in accordance with ASC 815, *Derivatives and Hedging.* As such it is required to be bifurcated and accounted for separately from the Note. However, the Company has determined that the fair value of the embedded derivative is immaterial to the financial statements.

Debt issuance costs of $140,433 are being amortized to interest expense over the term of the Note using the effective interest method. At December 31, 2013, there were 555,556 shares of common stock issuable upon conversion of the Company’s outstanding convertible debentures.

Michaelson has the option to call the Note upon an event of default at the optional 120% prepayment amount discussed above. One event of default is defined as the Company’s failure to issue a registration statement covering the resale of the Company’s Common Stock that is declared effective within one year of the funding date of the Note. The Company has classified this Note as current on the accompanying consolidated balance sheet due to this event of default as the company cannot control when the registration statement, originally filed on February 6, 2014, will become effective. Additionally, the Note contains a contingent interest clause in connection with events of default, including this event of default. This registration rights provision is not indexed to credit risk, and therefore is not clearly and closely related to the Note. This provision creates an embedded derivative in accordance with ASC 815, *Derivatives and Hedging.* As such it is required to be bifurcated and accounted for separately from the Note. However, the Company has determined that the fair value of the embedded derivative is immaterial to the financial statements.

While, prior to this transaction, Michaelson was an unrelated party, due to their beneficial ownership percentage of 6.4% after this transaction, Michaelson is now considered a related party.

Note 8 – Commitments and contingencies

Operating Lease Obligations

The Company leases office space and warehouse facilities under various lease agreements which expire through March 2024. 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, 2013 and 2012 amounted to $616,041 and $595,851, offset by $127,784 and $173,898 in rent paid by sub-lessees, to both related and unrelated parties, for a net amount of $488,257 and $421,953.

As of December 31, 2013, the future minimum lease payments receivable on subleases were $51,033 on sub-leases.

The Company leased one service vehicle under a lease agreement which expired January 2012. Vehicle rent expense amounted to $387 during the year ended December 31, 2012.

Future minimum lease payments under all non-cancelable operating leases as of December 31, 2013 consist of the following:

Years Ending December 31,	Amount
2014	$ 579,495
2015	535,349
2016	485,040
2017	491,920
2018	499,122
2019 and thereafter	2,742,217
Total	$ 5,333,143

Letters of Credit

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 February 19, 2013 this letter of credit and certificate of deposit restriction were released.

As of December 31, 2013, $583,073 in a letter of credit was outstanding under a revolving bank credit facility needed to collateralize a performance bond on a certain installation project. This revolving bank credit facility expires June 14, 2014. In addition, approximately $1,055,000 in letters of credit were required to collateralize performance bonds on several installation projects. This letter of credit is collateralized by an account owned by John N. Hatsopoulos and expires July 22, 2014. In each case, a performance bond has been furnished on the project and would be drawn upon only in the event that Tecogen fails to complete the project in accordance with the contract.

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 9 – 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, 2011	$ 57,000
Warranty provision for units sold	160,684
Costs of warranty incurred	(127,484)
Warranty reserve, December 31, 2012	90,200
Warranty provision for units sold	179,841
Costs of warranty incurred	(175,041)
Warranty reserve, December 31, 2013	$ 95,000

Note 10 – Stockholders' equity

Common Stock

In 2013 and 2012 the Company raised additional funds through private placements of common stock to a limited number of accredited investors. In connection with the 2013 private placements the Company sold an aggregate of 1,476,789 shares of common stock at a purchase price of $4.50 per share. In connection with this private placement the Company incurred commissions, legal fees and various other costs of $678,746 which were offset against the proceeds in additional paid in capital, resulting in net cash proceeds of $5,966,805. In connection with the 2012 private placements the Company sold an aggregate of 212,500 shares of common stock at a purchase price $3.20 per share, resulting in net cash proceeds after commissions and other offering costs of $680,000.

The holders of Common Stock have the right to vote their interest on a per share basis. At December 31, 2013 and 2012 there were 15,155,200 and 13,611,974 shares of Common Stock outstanding, respectively.

Preferred Stock

On February 13, 2013, the authorized preferred stock of 10 million shares, as of December 31, 2013 none of these shares were issued or outstanding.

Receivable from Shareholder

On June 3, 2010 the Company issued a promissory note to an investor in the amount of $345,000. The note was 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 was secured by 287,500 shares of Tecogen Common Stock. The note was repaid with cash of $105,000 and return of 100,000 shares of common stock at a value of $2.40 per share, which were retired by the Company on December 7, 2012.

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. The Plan was amended at various dates by the board to increase the reserved shares of common stock issuable under the Plan from 1,000,000 to 1,838,750 as of December 31, 2013 (the "Amended Plan").

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, 2013 and 2012 was 58,683 and 135,183, respectively.

In 2012, the company granted nonqualified options to purchase an aggregate of 17,500 shares of common stock at $3.20 per share to a director. These options have a vesting schedule of four years and expire in ten years. The fair value of the options issued in 2012 was $20,223. The weighted-average grant date fair value of stock options granted during 2012 was $1.16 per option.

In 2013, the company granted nonqualified options to purchase an aggregate of 37,500 and 39,000 shares of common stock at $3.20 and $4.50 per share, respectively to certain employees. These options have a vesting schedule of four years and expire in five and ten years, respectively. The fair value of the options issued in 2013 was $80,952. The weighted-average grant date fair value of stock options granted during 2013 was $0.75 and $1.35 per option.

Stock option activity for the years ended December 31, 2013 and 2012 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, 2011	1,095,250	$0.12-$2.80	$ 1.92	5.53 years	$ 1,387,150
Granted	17,500	3.20	3.20		
Exercised	—	—	—		
Canceled and forfeited	(15,938)	1.20 - 2.60	1.28		
Expired	(313)	2.60	2.60		
Outstanding, December 31, 2012	1,096,500	$0.12-$3.20	$ 1.96	4.66 years	$ 1,356,400
Exercisable, December 31, 2012	662,563		$ 1.56		$ 1,096,225
Vested and expected to vest, December 31, 2012	1,096,500		$ 1.96		$ 1,356,400
Outstanding, December 31, 2012	1,096,500	$0.12-$3.20	$ 1.96	4.66 years	$ 1,356,400
Granted	76,500	3.20-4.50	3.86		
Exercised	(25,000)	0.12	0.12		
Canceled and forfeited	—	—	—		
Expired	—	—	—		
Outstanding, December 31, 2013	1,148,000	$1.20-$4.50	$ 2.13	5.80 years	$ 2,721,100
Exercisable, December 31, 2013	799,500		$ 1.79		$ 2,166,550
Vested and expected to vest, December 31, 2013	1,148,000		$ 2.13		$ 2,721,100

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 to determine the expected life based on the vesting period and contractual terms, 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.

The weighted average assumptions used in the Black-Scholes option pricing model for options granted in 2013 and 2012 are as follows:

	2013	2012
Stock option awards:		
Expected life	5.63 years	6.25 years
Risk-free interest rate	1.34%	0.70%
Expected volatility	26.5%-36.1%	35.9%-36.0%

The Company has granted restricted stock awards to its employees and directors. The performance based awards have vesting schedules ranging from 100% 90 days after an initial public offering (IPO) up to 100% one year after an IPO.

Restricted stock activity for the years ended December 31, 2013 and 2012 was as follows:

	Number of Restricted Stock	Weighted Average Grant Date Fair Value
Unvested, December 31, 2011	483,317	$ 1.44
Granted	—	—
Vested	—	—
Forfeited	(84,247)	1.36
Unvested, December 31, 2012	399,070	$ 1.44
Granted	—	—
Vested	—	—
Forfeited	(37,500)	2.60
Unvested, December 31, 2013	361,570	$ 1.31

During the years ended December 31, 2013 and 2012, the Company recognized stock-based compensation of $59,678 and $136,184, 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, 2013 and 2012 there were 361,570 and 399,070 unvested shares of restricted stock outstanding, respectively. At December 31, 2013 and 2012 the total compensation cost related to unvested restricted stock awards and stock option awards not yet recognized is $124,845 and $183,230, respectively. This amount will be recognized over a weighted average period of 0.56 years.

Stock Based Compensation - Ilios

In 2009, Ilios adopted the 2009 Stock Incentive Plan (the “2009 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 2012, Ilios granted nonqualified options to purchase 50,000 shares of common stock to a director at $0.50 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 2012 was $9,750. The weighted-average grant date fair value of stock options granted during 2012 was $0.20.

During the years ended December 31, 2013 and 2012 Ilios recognized stock-based compensation of $(41,311) and $59,361, related to the forfeiture and 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, 2013 and 2012 there were 310,000 and 510,000 unvested shares of restricted stock outstanding. At December 31, 2013 and 2012 the total compensation cost related to unvested restricted stock awards and stock option awards not yet recognized is $9,004 and $67,493, respectively. This amount will be recognized over the weighted average period of 1.59 years.

Stock option activity relating to Ilios for the year ended December 31, 2013 and 2012 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, 2011	525,000	$0.10-$0.50	$ 0.27	8.23 years	$ 120,000
Granted	50,000	0.50	0.50		
Exercised	—	—	—		
Canceled and forfeited	—	—	—		
Expired	—	—	—		
Outstanding, December 31, 2012	575,000	$0.10-$0.50	$ 0.29	7.44 years	$ 120,000
Exercisable, December 31, 2012	—		$ —		$ —
Vested and expected to vest, December 31, 2012	575,000		$ 0.29		$ 120,000
Outstanding, December 31, 2012	575,000	$0.10-$0.50	$ 0.29	7.44 years	$ 120,000
Granted	—	—	—		
Exercised	—	—	—		
Canceled and forfeited	—	—	—		
Expired	—	—	—		
Outstanding, December 31, 2013	575,000	$0.10-$0.50	$ 0.29	6.44 years	$ 120,000
Exercisable, December 31, 2013	—		$ 0.50		$ —
Vested and expected to vest, December 31, 2013	575,000		$ 0.29		$ 120,000

Ilios does not expect any forfeitures and the table above represents all stock options expected to vest. Ilios 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.

For the Ilios awards, the weighted average assumptions used in the Black-Scholes option pricing model for options granted in 2012 are as follows:

	2012
Stock option awards:	
Expected life	6.25 years
Risk-free interest rate	2.03%
Expected volatility	36.1%

Ilios has granted restricted stock awards to its employees and directors. The awards have only service conditions and carry vesting schedules ranging from 100% 90 days after an IPO up to 100% one year after an IPO.

Restricted stock activity for the Ilios awards, for the years ended December 31, 2013 and 2012 was as follows:

	Number of Restricted Stock	Weighted Average Grant Date Fair Value
Unvested, December 31, 2011	560,000	$ 0.24
Granted	—	—
Vested	—	—
Forfeited	(50,000)	0.10
Unvested, December 31, 2012	510,000	$ 0.24
Granted	—	—
Vested	—	—
Forfeited	(200,000)	0.50
Unvested, December 31, 2013	310,000	$ 0.10

Note 11 – Noncontrolling interests

As of January 1, 2012 Tecogen owned 63.0% of Ilios. During the year ended December 31, 2012 Tecogen purchased 1,000,000 shares of Ilios common stock at $0.50 per share for an aggregate amount of $750,000 which increased Tecogen's ownership interest to 67.4%.

During the year ended December 31, 2012 Ilios sold 1,000,000 shares of common stock to an accredited investor at $0.50 per share for an aggregate amount of $500,000. Also during the year ended December 31, 2012, Tecogen purchased 1,000,000 shares of Ilios common stock at $0.50 per share for an aggregate amount of $500,000. The net result decreased Tecogen's ownership interest to 65.0%. The table below presents the changes in equity resulting from net loss attributable to Tecogen and transfers to or from noncontrolling interests for the years ended December 31, 2013 and 2012.

Net loss attributable to Tecogen Inc. and
Transfers (to) from the Noncontrolling Interest
Years ended December 31,

	2013	2012
Net loss attributable to Tecogen Inc.	$ (3,449,489)	$ (1,636,957)
Transfers (to) from the noncontrolling interest		
Decrease in Tecogen's paid-in capital for purchase of 1,000,000 Ilios common shares	—	(174,958)
Increase in Tecogen's paid-in capital upon the sale of 1,000,000 Ilios common shares	—	289,606
Net transfers to noncontrolling interest	—	114,648
Change from net loss attributable to Tecogen Inc. and transfers to noncontrolling interest	$ (3,449,489)	$ (1,522,309)

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 $125,680 and $116,850 to the Plan for the years ended December 31, 2013 and 2012.

Note 13 – Related party transactions

The Company has five affiliated companies, namely American DG Energy, EuroSite Power, GlenRose Instruments Inc., or GlenRose Instruments, Pharos LLC, or Pharos, and Levitronix Technologies LLC, or Levitronix. 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, GlenRose Instruments, Pharos or Levitronix do not own any shares of the Company, and the Company does not own any shares of American DG Energy, EuroSite Power, GlenRose Instruments, Pharos or Levitronix. The business of GlenRose Instruments, Pharos and Levitronix is not related to the business of the Company.

American DG Energy, EuroSite Power, GlenRose Instruments, Pharos and Levitronix are affiliated companies by virtue of common ownership. The common stockholders include:

- John N. Hatsopoulos, the Company's Chief Executive Officer who is also: (a) the Chief Executive Officer and a director of American DG Energy and holds 10.7% of American DG Energy's common stock; (b) the Chairman of EuroSite Power; (c) a director of Ilios and holds 7.2% of EuroSite Power's common stock; and (d) the Chairman of GlenRose Instruments and holds 15.7% of GlenRose Instruments' common stock.
- Dr. George N. Hatsopoulos, who is John N. Hatsopoulos' brother, and is also: (a) a director of American DG Energy and holds 13.6% of American DG Energy's common stock; (b) an investor in Ilios and holds 3.1% of Ilios' common stock; (c) an investor of GlenRose Instruments and holds 15.7% of GlenRose Instruments' common stock; (d) an investor of Pharos and may be deemed to hold 24.4% of Pharos' common stock; and (e) an investor of Levitronix and may be deemed to hold 21.4% of Levitronix's common stock.

Additionally, the following related persons had or may have a direct or indirect material interest in our transactions with our affiliated companies:

- Barry J. Sanders, who is: (a) the President and Chief Operating Officer of American DG Energy, (b) the Chief Executive Officer and a director of EuroSite Power and (c) the Chairman of Ilios.
- Anthony S. Loumidis, the Company's former Vice President and Treasurer who is: (a) the former Chief Financial Officer Secretary and Treasurer of American DG Energy, (b) the former Chief Financial Officer Secretary and Treasurer of EuroSite Power, (c) the former Chief Financial Officer Secretary and Treasurer of GlenRose Instruments and (d) the former Treasurer of Ilios.

American DG Energy has sales representation rights to the Company's products and services in New England. Revenue from sales of cogeneration and chiller systems, parts and service to American DG Energy during the years ended December 31, 2013 and 2012 amounted to $758,930 and $3,795,666, respectively.

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, 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 George N. Hatsopoulos, and the John N. Hatsopoulos 1989 Family Trust for the benefit of Mr. Hatsopoulos' adult children, into shares of Common Stock at a conversion price of $1.20 per share.

On September 24, 2007, George N. Hatsopoulos, and the John N. Hatsopoulos 1989 Family Trust for the benefit of Mr. Hatsopoulos' adult children agreed to extend the debenture 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 $2.00 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 $2.00 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, Joseph J. Ritchie elected to convert $30,000 of the outstanding principal amount of the debenture, plus accrued interest of $14,433, into 37,028 shares of Common Stock at a conversion price of $1.20 per share. On September 24, 2011, George N. Hatsopoulos, and the John N. Hatsopoulos 1989 Family Trust for the benefit of Mr. Hatsopoulos' adult children, 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 $2.00 per share (which was the average price of the Company's stock from September 24, 2001 to September 24, 2011).

On September 30, 2012, the debentures, including accrued interest, were converted into 170,480 shares of Common Stock held in the JNH 1989 Family Trust for the benefit of Nia Marie Hatsopoulos and 170,480 shares of Common Stock held in the JNH 1989 Family Trust for the benefit of Alexander J. Hatsopoulos for whom Mr. and Mrs. Paris Nicolaidis are the trustees. Mr. John N. Hatsopoulos disclaims beneficial ownership of the shares held by this trust.

On October 18, 2013, the remaining holder of the debentures, George N. Hatsopoulos, converted the principal balance of $90,967 into 75,806 shares of the Company's common stock at a conversion price of $1.20 per share. In addition, Mr. Hatsopoulos requested that the accrued interest earned in 2012 in the amount of $6,913 be converted into 2,161 shares of the Company's common stock at a conversion price of $3.20 per share and that the accrued interest earned on or after January 1, 2013 in the amount of $4,367 be converted into 970 shares of the Company's common stock at a conversion price of $4.50 per share.

On September 10, 2008 the Company entered into a demand note agreement with John N. Hatsopoulos, in the principal amount of $250,000 at an annual interest rate of 5%. On September 7, 2011 the Company entered in to an additional demand note agreement with John N. Hatsopoulos, in the principal amount of $750,000 at an annual interest rate of 6%. On November 30, 2012 the Company entered into an additional demand note agreement with John N. Hatsopoulos, in the principal amount of $300,000 at an annual interest rate of 6%. Unpaid principal and interest on the demand notes are due upon demand. On October 3, 2013 the Company entered into an additional demand note agreement with John N. Hatsopoulos, in the principal amount of $450,000 at an annual interest rate of 6%. On January 6, 2014, the Company repaid the then outstanding principal balance of 1,750,000 together with accrued interest of $175,311.

On March 25, 2013, the Company entered into a Revolving Line of Credit Agreement, or the Credit Agreement, with John N. Hatsopoulos, our Chief Executive Officer. Under the terms of the Credit Agreement, as amended on August 13, 2013, Mr. Hatsopoulos has agreed to lend the Company up to an aggregate of $1,500,000 from time to time, at the written request of the Company. Any amounts borrowed by the Company pursuant to the Credit Agreement will bear interest at the Bank Prime Rate as quoted from time to time in the Wall Street Journal plus 1.5% per year. Repayment of the principal amount borrowed pursuant to the Credit Agreement will be due on March 1, 2014. In addition, the company may prepay accrued interest, provided that prepayment may not be made prior to January 1, 2014.The Credit Agreement terminates on March 1, 2014. As of December 31, 2013 the Company has borrowed $1,200,000 pursuant to the Credit Agreement. On January 6, 2014, the Company repaid the then outstanding principal balance of $1,200,000 together with accrued interest of $25,347.

On December 23, 2013, the company entered into a Senior Convertible Promissory Note (the "Note") with Michaelson Capital Special Finance Fund LP, ("Michaelson"), for the principal amount of $3,000,000 with interest at 4% per annum for a term of three years. The Note is a senior unsecured obligation which pays interest only on a monthly basis in arrears at a rate of 4% per annum, unless earlier converted in accordance with the terms of the agreement prior to such date. The principal amount, if not converted, is due on the third anniversary of the Note, December 31, 2016.The Note is senior in right of payment to any unsecured indebtedness that is expressly subordinated in right of payment to the Note. The Note is convertible into shares of the Company's common stock at 185.19 shares of our common stock per $1,000 principal amount of Note (equivalent to a conversion price of $5.40 per share). Debt issuance costs of $140,433 are being amortized to expense over the term of the Note using the effective interest method. At December 31, 2013, there were 555,556 shares of common stock issuable upon conversion of the Company’s outstanding convertible debentures.

In addition, on December 23, 2013, Michaelson participated in our private placement, investing $2,000,000 to purchase 444,445 shares of common stock at $4.50 per share. As of the purchase date and December 31, 2013, Michaelson, on a fully diluted basis, owns 6.4% of the Company. As Michaelson's beneficial ownership is 6.4% after this transaction, it is now considered a related party.

For additional disclosure on the Company’s debt see *Note 7 – Demand notes payable, convertible debentures and line of credit – related party.*

John N. Hatsopoulos’ salary is $1.00 per year. On average, Mr. Hatsopoulos spends approximately 50% 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.

On January 1, 2006 the Company signed a Facilities and Support Services Agreement with American DG Energy for a period of one year, renewable annually, on January 1st, by mutual agreement. That agreement was amended July 1, 2012. Under this agreement, the Company provides American DG Energy with certain office and business support services and also 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 the Company to service its chiller and cogeneration products. The Company also provides office space and certain utilities to American DG Energy based on a monthly rate set at the beginning of each year. Also, under this agreement, American DG Energy has sales representation rights to the Company's products and services in New England.

The Company subleases portions of its corporate offices and manufacturing facility to sub-tenants under annual sublease agreements. For the years ended December 31, 2013 and 2012, the Company received $113,784 and $158,898, respectively, from American DG Energy, Levitronix LLC and Alexandros Partners LLC. In addition, for the years ended December 31, 2013 and 2012 the Company received from the same companies, $90,348 and $101,218, respectively, to offset common operating expenses incurred in the administration and maintenance of its corporate office and warehouse facility.

The Company's headquarters are located in Waltham, Massachusetts and consist of 27,000 square feet of office and storage space that are shared with American DG Energy and other tenants. The lease expires on March 31, 2024. We believe that our facilities are appropriate and adequate for our current needs.

Revenue from sales of cogeneration and chiller systems, parts and service to American DG Energy during the years ended December 31, 2013 and 2012 amounted to $758,930 and $3,795,666, respectively. In addition, Tecogen pays certain operating expenses, including benefits and insurance, on behalf of American DG Energy. Tecogen was reimbursed for these costs. As of December 31, 2013 and 2012, the total amount due (to) or from American DG Energy was $(119,667) and $70,811, respectively.

Note 14 – Fair value measurements

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.

There were no financial instruments measured at fair value on a recurring basis as of December 31, 2013. 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 year ended December 31, 2012.

Note 15 - Asset acquisition

On January 9, 2013 the Company purchased certain assets, both tangible and intangible, required to manufacture the generator used in its InVerde product from Danotek Motion Technologies. The aggregate consideration paid in cash by the Company was $497,800, of which $17,400 represents the fair value of inventory and $199,530 represents the estimated fair value of property, plant and equipment consisting of machinery and equipment, computer equipment, and tooling, which is depreciated over useful lives ranging from 5 to 8.5 years. The fair value of the property, plant and equipment was estimated utilizing a replacement cost method. In addition, $240,000 of the purchase consideration represents the fair value of identified intangible assets using a relief from royalty method with a useful life of fifteen years. The balance of $40,870 is included in goodwill in the accompanying condensed consolidated balance sheet, which consists largely of economies of scale expected from combining the manufacturing of the generator into Tecogen's operations. Acquisition related costs were not material to the financial statements and were expensed as incurred to general and administrative expenses.

This transaction was accounted for under the purchase method of accounting in accordance with FASB ASC Topic 805, *Business Combinations*. Under the purchase method of accounting, the total purchase price has been allocated to the net tangible and intangible assets acquired based on estimates of their fair values by the Company's management. There is one reporting unit within the Company.

Under the purchase method of accounting, an acquisition is recorded as of the closing date, reflecting the purchased assets, at their acquisition date fair values. Intangible assets that are identifiable are recognized separately from goodwill which is measured and recognized as the excess of the fair value, as a whole, over the net amount of the recognized identifiable assets acquired.

The purchase price has been allocated as follows:

Inventory	$	17,400
Machinery and equipment		171,910
Computer equipment		22,070
Tooling		5,550
Developed technology		240,000
Goodwill		40,870
	$	497,800

Note 16 – Income taxes

A reconciliation of the federal statutory income tax provision to the Company's actual provision for the years ended December 31, 2013 and 2012 is as follows:

	2013	2012
Benefit at federal statutory tax rate	$ 1,280,000	$ 680,000
Unbenefited operating losses	(1,280,000)	(680,000)
Income tax provision	$ —	$ —

The components of net deferred tax assets recognized in the accompanying consolidated balance sheets at December 31, 2013 and 2012 are as follows:

	2013	2012
Net operating loss carryforwards	$ 4,850,000	$ 3,380,000
Accrued expenses and other	598,000	676,000
Accounts receivable	40,000	60,000
Inventory	117,000	130,000
Property, plant and equipment	155,000	94,000
	5,760,000	4,340,000
Valuation allowance	(5,760,000)	(4,340,000)
Net deferred tax asset	$ —	$ —

As of December 31, 2013, the company has federal loss carryforwards of approximately $12,300,000, which expire beginning in 2021 through 2033. In addition, the Company has varying amounts of state net operating losses, expiring at various dates starting in 2012 through 2033. The federal net operating losses include approximately $2,800,000 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 $1,420,000 during the year ended December 31, 2013. 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, 2013 and 2012.

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.

Note 17 – Subsequent events

On January 2, 2014, the Company opened a Certificate of Deposit in the amount of $583,073 to collateralize a letter of credit, at the request of Michaelson. This Certificate of Deposit allowed the bank to remove their UCC filing on the Company. These funds will remain restricted until the letter of credit is released. See Note 8 for further discussion.

On January 6, 2014, the Company repaid all debt owed to its Chief Executive Officer including demand notes with a principal balance $1,750,000 and accrued interest of $175,311 and the line of credit with an outstanding principal balance of $1,200,000 and accrued interest of $25,347.

The Company continued its private placement through January 17, 2014. During 2014 the Company sold an additional 1,400 shares of common stock at $4.50 per share for a total of $6,300 of additional funds raised after year end 2013.

On February 25, 2014, the Company executed a Collective Bargaining Agreement with International Union of Operating Engineers, Local 68 covering 3 of its service employees in New Jersey.

On March 26, 2014, the Company secured a working capital line of credit with John Hatsopoulos, the Company's Chief Executive Officer, in the amount of $3,500,000 which may be used in the occurrence of certain events.

The Company has evaluated subsequent events through the date of this report and determined that no additional subsequent events occurred that would require recognition in the consolidated financial statements or disclosure in the notes thereto.

CONDENSED CONSOLIDATED BALANCE SHEETS
As of March 31, 2014 and December 31, 2013
(unaudited)

	March 31, 2014	December 31, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,946,891	$ 7,713,899
Short-term investments, restricted	583,720	—
Accounts receivable, net	4,249,889	3,740,885
Unbilled revenue	718,108	646,398
Inventory, net	3,473,257	3,343,793
Due from related party	306,305	—
Deferred financing costs	134,234	140,433
Prepaid and other current assets	475,888	340,013
Total current assets	11,888,292	15,925,421
Property, plant and equipment, net	634,560	638,026
Intangible assets, net	969,777	953,327
Goodwill	40,870	40,870
Other assets	40,425	72,425
TOTAL ASSETS	$ 13,573,924	$ 17,630,069
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Demand notes payable and line of credit, related party	$ —	$ 2,950,000
Senior convertible promissory note, related party	3,000,000	3,000,000
Accounts payable	1,864,044	2,338,046
Accrued expenses	1,407,452	1,139,554
Deferred revenue	1,008,248	613,915
Due to related party	—	119,667
Interest payable, related party	—	198,450
Total current liabilities	7,279,744	10,359,632
Long-term liabilities:		
Deferred revenue, net of current portion	262,701	204,544
Total liabilities	7,542,445	10,564,176
Commitments and contingencies (Note 5)		
Stockholders' equity:		
Tecogen Inc. shareholders' equity:		
Common stock, $0.001 par value; 100,000,000 shares authorized; 15,161,600 and 15,155,200 issued and outstanding at March 31, 2014 and December 31, 2013, respectively	15,162	15,155
Additional paid-in capital	22,508,013	22,463,996
Accumulated deficit	(16,229,257)	(15,209,212)
Total Tecogen Inc. stockholders' equity	6,293,918	7,269,939
Noncontrolling interest	(262,439)	(204,046)
Total stockholders' equity	6,031,479	7,065,893
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 13,573,924	$ 17,630,069

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

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
For the Three Months Ended March 31, 2014 and 2013
(unaudited)

	2014	2013
Revenues		
Products	$ 1,944,776	$ 2,052,665
Services	2,270,981	1,993,653
	4,215,757	4,046,318
Cost of sales		
Products	1,404,439	1,588,668
Services	1,385,092	1,345,686
	2,789,531	2,934,354
Gross profit	1,426,226	1,111,964
Operating expenses		
General and administrative	2,052,126	1,791,703
Selling	421,620	279,370
	2,473,746	2,071,073
Loss from operations	(1,047,520)	(959,109)
Other income (expense)		
Interest and other income	3,085	3,946
Interest expense	(34,770)	(23,377)
	(31,685)	(19,431)
Loss before income taxes	(1,079,205)	(978,540)
Consolidated net loss	(1,079,205)	(978,540)
Less: Loss attributable to the noncontrolling interest	59,160	118,147
Net loss attributable to Tecogen Inc.	$ (1,020,045)	$ (860,393)
Net loss per share - basic and diluted	$ (0.07)	$ (0.07)
Weighted average shares outstanding - basic and diluted	14,796,413	13,212,894

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

CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
For the Three Months Ended March 31, 2014
(unaudited)

	Tecogen Inc.				
	Common Stock 0.001 Par Value	Additional Paid-In Capital	Accumulated Deficit	Noncontrolling Interest	Total
Balance at December 31, 2013	$ 15,155	$ 22,463,996	$ (15,209,212)	$ (204,046)	$ 7,065,893
Sale of restricted common stock	2	6,298	—	—	6,300
Exercise of stock options	5	5,995	—	—	6,000
Stock based compensation expense	—	31,724	—	767	32,491
Net loss	—	—	(1,020,045)	(59,160)	(1,079,205)
Balance at March 31, 2014	$ 15,162	$ 22,508,013	$ (16,229,257)	$ (262,439)	$ 6,031,479

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Three Months Ended March 31, 2014 and 2013
(unaudited)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (1,079,205)	$ (978,540)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	85,601	55,857
Recovery (provision) for losses on accounts receivable	50,600	(8,900)
Stock-based compensation	32,491	57,638
Changes in operating assets and liabilities		
(Increase) decrease in:		
Short-term investments	—	(202)
Accounts receivable	(559,604)	(306,849)
Unbilled revenue	(71,710)	(354,625)
Inventory	(129,464)	(49,077)
Due from related party	(306,305)	55,837
Prepaid expenses and other current assets	(135,875)	92,803
Other assets	32,000	—
Increase (decrease) in:		
Accounts payable	(474,002)	310,898
Accrued expenses	267,898	198,618
Deferred revenue	452,490	(110,511)
Due to related party	(119,667)	760,535
Interest payable, related party	(198,450)	20,802
Net cash used in operating activities	(2,153,202)	(255,716)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(55,964)	(313,002)
Purchases of intangible assets	(36,422)	(323,391)
Purchases of short-term investments	(583,720)	—
Net cash used in investing activities	(676,106)	(636,393)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments made on demand notes payable and line of credit to related parties	(2,950,000)	—
Exercise of stock options	6,300	—
Proceeds from sale of subsidiary common stock	6,000	—
Net cash provided by (used in) financing activities	(2,937,700)	—
Net increase (decrease) in cash and cash equivalents	(5,767,008)	(892,109)
Cash and cash equivalents, beginning of the period	7,713,899	1,572,785
Cash and cash equivalents, end of the period	$ 1,946,891	$ 680,676
Supplemental disclosures of cash flows information:		
Cash paid for interest	$ 233,220	$ —

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

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

Description of business

Tecogen Inc. (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. The Company'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 the Company's customers are located in regions with the highest utility rates, typically California, the Midwest and the Northeast.

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with the instructions for Form 10-Q and therefore do not include all information and notes necessary for a complete presentation of our financial position, results of operations and cash flows, in conformity with generally accepted accounting principles. We filed audited financial statements which included all information and notes necessary for such presentation for the two years ended December 31, 2013 in conjunction with our 2013 Annual Report on Form 10-K, or our Annual Report, filed with the Securities and Exchange Commission, or SEC, on March 31, 2014 and amended on April 1, 2014. This form 10-Q should be read in conjunction with our Annual Report.

The accompanying unaudited consolidated balance sheets, statements of operations and statements of cash flows reflect all adjustments (consisting only of normal recurring items) which are, in the opinion of management, necessary for a fair presentation of financial position at March 31, 2014, and of operations and cash flows for the interim periods ended March 31, 2014 and 2013. The results of operations for the interim periods ended March 31, 2014 are not necessarily indicative of the results to be expected for the year.

The accompanying consolidated financial statements include the accounts of the Company and its 65.0% owned subsidiary Ilios, whose business focus is on advanced heating systems for commercial and industrial applications. With the inclusion of unvested restricted stock awards, the Company's owns 63.7% of Ilios.

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 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.

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 three months ended March 31, 2014 and 2013 no revenues were recorded as 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 and occasionally installation services. 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.

In some cases, our customers may choose to have the Company engineer and install the system for them rather than simply purchase the cogeneration and/or chiller units. In this case, the Company accounts for revenue, or turnkey revenue, and costs using the percentage-of-completion method of accounting. Under the percentage-of-completion method of accounting, revenues are recognized by applying percentages of completion to the total estimated revenues for the respective contracts. Costs are recognized as incurred. The percentages of completion are determined by relating the actual cost of work performed to date to the current estimated total cost at completion of the respective contracts. When the estimate on a contract indicates a loss, the Company's policy is to record the entire expected loss, regardless of the percentage of completion. During the three months ended March 31, 2014 and 2013, a loss of approximately $217,000 and $300,000 was recorded, respectively. The excess of contract costs and profit recognized to date on the percentage-of-completion accounting method in excess of billings is recorded as unbilled revenue. Billings in excess of related costs and estimated earnings is recorded as deferred revenue.

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 three months ended March 31, 2014 and 2013, advertising expense was approximately $48,000 and $29,000, respectively.

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. 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 primarily of cash and cash equivalents, short-term investments and accounts receivable. The Company's cash equivalents are placed with certain financial institutions and issuers. As of March 31, 2014, the Company had a balance of $2,248,969 in cash and cash equivalents and short-term investments that exceeded the Federal Deposit Insurance Corporation's ("FDIC") general deposit insurance 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 year. Bad debts are written off against the allowance when identified. At March 31, 2014 and December 31, 2013 the allowance for doubtful accounts was $103,800 and $154,400, 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 fifteen 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 developed technology discussed in Note 9, 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.

Goodwill

The Company's goodwill was recorded as a result of the Company's asset acquisition discussed in Note 9. The Company has recorded this transaction using the acquisition method of accounting. The Company tests its recorded goodwill for impairment on an annual basis, or more often if indicators of potential impairment exist, by determining if the carrying value of the Company's single reporting unit exceeds its estimated fair value. Factors that could trigger an interim impairment test include, but are not limited to, underperformance relative to historical or projected future operating results, significant changes in the manner of use of the acquired assets or the Company's overall business, significant negative industry or economic trends and a sustained period where market capitalization, plus an appropriate control premium, is less than stockholders' equity. During the first three months of 2014 the Company determined that no interim impairment test was necessary. Goodwill will be assessed for impairment at least annually or when there are indicators of potential impairment.

Common Stock

The Company's common stock was split one-for-four in a reverse stock split effective July 22, 2013. The effect of this reverse stock split has been retroactively applied to per share data and common stock information.

Impairment of long-lived assets

Long-lived assets are evaluated for impairment whenever events or changes in circumstances have indicated that an asset may not be recoverable and are grouped with other assets to the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities. If the sum of the projected undiscounted cash flows (excluding interest charges) is less than the carrying value of the assets, the assets will be written down to the estimated fair value and such loss is recognized in income from continuing operations in the period in which the determination is made. Management determined that no impairment of long-lived assets existed as of March 31, 2014.

Off Balance Sheet Arrangements

On July 22, 2013, the Company’s Chief Executive Officer personally pledged to support a bank credit facility of $1,055,000 to support bank guarantees issued on certain construction contracts.

Research and Development Costs/Grants

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, with 10% retainage held to the end of the contract period. For the three months ended March 31, 2013, amounts received were approximately $67,000, which offset the Company’s total research and development expenditures of $160,981. For the three months ended March 31, 2014, no amounts were received from grants and contracts from governmental agencies to offset research and development costs of $203,425. Research and development costs were included in general and administrative expenses in the accompanying consolidated statements of operations.

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 actively 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".)

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 three and nine month periods ended March 31, 2014 and 2013 does not differ from the reported loss.

Segment Information

The Company reports segment data based on the management approach. The management approach designates the internal reporting that is used by management for making operating and investment decisions and evaluating performance as the source of the Company's reportable segments. The Company uses one measurement of profitability and does not disaggregate its business for internal reporting. The Company has determined that it operates in one business segment which manufactures and supports highly efficient CHP products based on engines fueled by natural gas.

The following table summarizes net revenue by product line and services for the three months ended March 31, 2014 and 2013:

	2014	2013
Products		
Cogeneration	$ 1,154,269	$ 1,278,156
Chiller	790,507	774,509
Total Product Revenue	1,944,776	2,052,665
Services		
Service contracts	1,772,981	1,745,946
Installations	498,000	247,707
Total Service Revenue	2,270,981	1,993,653
Total Revenue	$ 4,215,757	$ 4,046,318

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.

Notes to Interim Unaudited Condensed Consolidated Financial Statements for the Three Months Ended March 31, 2014

The Company follows 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.

Reclassification

Certain prior period balances have been reclassified to conform with current period presentation. As a result, installation revenue is broken out in the schedule of net revenue by product line and services above; in the prior period this revenue was included in services.

Note 2 – Loss per common share

All shares issuable for both periods were anti-dilutive because of the reported net loss. Basic and diluted loss per share for the three months ended March 31, 2014 and 2013, respectively, were as follows:

	Three Months Ended	
	March 31 2014	March 31 2013
Loss available to stockholders	$ (1,020,045)	$ (860,393)
Weighted average shares outstanding - Basic and diluted	14,796,413	13,212,894
Basic and diluted loss per share	$ (0.07)	$ (0.07)
Anti-dilutive shares underlying stock options outstanding	1,186,325	1,095,250
Anti-dilutive convertible debentures	555,556	75,806

Note 3 – Demand notes payable, convertible debentures and line of credit agreement to related parties

At December 31, 2013, demand notes payable and line of credit to related parties consisted of various demand notes outstanding to stockholders totaling $2,950,000. As of December 31, 2013, John N. Hatsopoulos, the company's Chief Executive Officer, held all of the demand notes. The demand notes accrued interest annually at rates ranging from 5% to 6%. Unpaid principal and interest on the demand notes was due upon demand. The outstanding principal balance of these notes, together with accrued interest was paid during the three month period ended March 31, 2014.

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 $1.20. On September 24, 2011 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, 2011 to September 24, 2013.

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.

On September 30, 2009, Joseph J. Ritchie elected to convert $30,000 of the outstanding principal amount of the debenture, plus accrued interest of $14,433, into 37,028 shares of Common Stock at a conversion price of $1.20 per share.

On September 30, 2012, certain holders of the debentures converted the principal amount of $ 100,000 and accrued interest in the amount of $6,100 into 85,242 shares of the Company's Common Stock. At December 31, 2012 there were 75,806 shares of common stock issuable upon conversion of the Company's outstanding convertible debentures. A t December 31, 2012, the principal amount of the Company's convertible debentures was $90,967 which was due on September 24, 2013.

On October 18, 2013, the remaining holder of the debentures, George N. Hatsopoulos, converted the principal balance of $90,967 into 75,806 shares of the Company's common stock at a conversion price of $1.20 per share. In addition, Mr. Hatsopoulos requested that the accrued interest earned in 2012 in the amount of $6,913 be converted into 2,161 shares of the Company's common stock at a conversion price of $3.20 per share and that the accrued interest earned on or after January 1, 2013 in the amount of $4,367 be converted into 970 shares of the Company's common stock at a conversion price of $4.50 per share.

On March 25, 2013, the Company entered into a Revolving Line of Credit Agreement, or the Credit Agreement, with John N. Hatsopoulos, our Chief Executive Officer. Under the terms of the Credit Agreement, as amended on August 13, 2013, Mr. Hatsopoulos has agreed to lend the Company up to an aggregate of $1,500,000, from time to time, at the written request of the Company. Any amounts borrowed by the Company pursuant to the Credit Agreement will bear interest at the Bank Prime Rate as quoted from time to time in the Wall Street Journal plus 1.5% per year. Repayment of the principal amount borrowed pursuant to the Credit Agreement was due on March 1, 2014. In addition, the company may prepay accrued interest, provided that prepayment may not be made prior to January 1, 2014. As of March 31, 2014, the outstanding principal balance was fully paid.

On December 23, 2013, the company entered into a Senior Convertible Promissory Note (the "Note") with Michaelson Capital Special Finance Fund LP, ("Michaelson"), for the principal amount of $3,000,000 with interest at 4% per annum for a term of three years. In the event of default such interest rate shall accrue at 8% after the occurrence of the event of default and during continuance plus 2% after the occurrence and during the continuance of any other event of default. The Note is a senior unsecured obligation which pays interest only on a monthly basis in arrears at a rate of 4% per annum, unless earlier converted in accordance with the terms of the agreement prior to such date. The principal amount, if not converted, is due on the third anniversary of the Note, December 31, 2016. The Note is senior in right of payment to any unsecured indebtedness that is expressly subordinated in right of payment to the Note.

The principal balance of the Note, together with any unpaid interest, is convertible into shares of the Company's common stock at 185.19 shares of our common stock per $1,000 principal amount of Note (equivalent to a conversion price of $5.40 per share) at the option of Michaelson. If at any time the common stock of the Company is (1) trading on a national securities exchange, (2) qualifies for unrestricted resale under federal securities laws and (3) the arithmetic average of the volume weighted average price of the Common Stock for the twenty consecutive trading days preceding the Company's notice of mandatory conversion exceeds $150,000, the Company shall have the right to require conversion of all of the then outstanding principal balance together with unpaid interest of this Note into the Company's common stock based on the conversion price of $5.40 per share.

The Company may prepay all of the outstanding principal and interest due and payable under this Note in full, at any time prior to the maturity date for an amount equal to 120% of the then outstanding principal and interest due and payable as of the date of such prepayment.

Upon change of control, as defined by the Note, at Michaelson's option, the obligations may be assumed, on the terms and conditions in this Note, through an assignment and assumption agreement, or the Company may prepay all of the then outstanding principal and unpaid interest under this Note in full at the optional 120% prepayment amount. This provision creates an embedded derivative in accordance with ASC 815, Derivatives and Hedging. As such it is required to be bifurcated and accounted for separately from the Note. However, the Company has determined that the fair value of the embedded derivative is immaterial to the financial statements.

Debt issuance costs of $140,433 are being amortized to interest expense over the term of the Note using the effective interest method. At December 31, 2013, there were 555,556 shares of common stock issuable upon conversion of the Company’s outstanding convertible debentures.

Michaelson has the option to call the Note upon an event of default at the optional 120% prepayment amount discussed above. One event of default is defined as the Company’s failure to issue a registration statement covering the resale of the Company’s Common Stock that is declared effective within one year of the funding date of the Note. The Company has classified this Note as current on the accompanying consolidated balance sheet due to this event of default as the company cannot control when the registration statement, originally filed on February 6, 2014, will become effective. Additionally, the Note contains a contingent interest clause in connection with events of default, including this event of default. This registration rights provision is not indexed to credit risk, and therefore is not clearly and closely related to the Note. This provision creates an embedded derivative in accordance with ASC 815, Derivatives and Hedging. As such it is required to be bifurcated and accounted for separately from the Note. However, the Company has determined that the fair value of the embedded derivative is immaterial to the financial statements.

While, prior to this transaction, Michaelson was an unrelated party, due to their beneficial ownership percentage of 6.4% after this transaction, Michaelson is now considered a related party.

On March 26, 2014, the Company secured a working capital line of credit with John Hatsopoulos, the Company's Chief Executive Officer, in the amount of $3,500,000 which may be used in the occurrence of certain events. The Company had not drawn upon this line of credit through and as of May 1, 2014. The maturity date of this line is March 25, 2015.

Notes to Interim Unaudited Condensed Consolidated Financial Statements for the Three Months Ended March 31, 2014

Note 4 - Stock-based compensation

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. The Plan was most recently amended on November 10, 2011 to increase the reserved shares of common stock issuable under the Plan to 1,838,750 (the "Amended Plan").

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 March 31, 2014 was 15,358.

Stock option activity for the three months ended March 31, 2014 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, 2013	1,148,000	$1.20-$4.50	$ 2.13	5.80 years	$ 2,721,100
Granted	43,325	4.50	4.50	—	—
Exercised	5,000	1.20	1.20	—	—
Canceled and forfeited	—	—	—	—	—
Expired	—	—	—	—	—
Outstanding, March 31, 2014	1,186,325	$1.20-$4.50	$ 2.22	5.73 years	$ 2,704,600
Exercisable, March 31, 2014	919,250		$ 1.90		$ 2,387,075
Vested and expected to vest, March 31, 2014	1,186,325		$ 2.22		$ 2,704,600

Restricted stock activity for the three months ended March 31, 2014 as follows:

	Number of Restricted Stock	Weighted Average Grant Date Fair Value
Unvested, December 31, 2013	361,570	$ 1.31
Granted	—	—
Vested	—	—
Forfeited	—	—
Unvested, March 31, 2014	361,570	$ 1.31

Stock Based Compensation - Ilios

In 2009, Ilios adopted the 2009 Stock Incentive Plan (the "2009 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 2009 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 2009 Plan cannot be less than the fair market value of the underlying shares on the date of the grant.

Notes to Interim Unaudited Condensed Consolidated Financial Statements for the Three Months Ended March 31, 2014

Stock option activity relating to Ilios for the three months ended March 31, 2014 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, 2013	575,000	$0.10-$0.50	$ 0.29	6.44 years	$ 120,000
Granted	—	—	—		
Exercised	—	—	—		
Canceled and forfeited	—	—	—		
Expired	—	—	—		
Outstanding, March 31, 2014	575,000	$0.10-$0.50	$ 0.29	6.19 years	$ 120,000
Exercisable, March 31, 2014	125,000		$ 0.50		$ —
Vested and expected to vest, March 31, 2014	575,000		$ 0.29		$ 120,000

Restricted stock activity for the Ilios awards, for the three months ended March 31, 2014 was as follows:

	Number of Restricted Stock	Weighted Average Grant Date Fair Value
Unvested, December 31, 2013	310,000	$ 0.10
Granted	—	—
Vested	—	—
Forfeited	—	—
Unvested, March 31, 2014	310,000	$ 0.10

Total stock-based compensation expense for the three months ended March 31, 2014 and 2013 was $32,491 and $57,638, respectively. At March 31, 2014, the total compensation cost related to unvested restricted stock awards and stock option awards not yet recognized is $189,486. This amount will be recognized over a weighted average period of 2.23 years. No tax benefit was recognized related to the stock-based compensation recorded during the periods.

Note 5 – Commitments and contingencies

Future minimum lease payments under all non-cancelable operating leases as of March 31, 2014 consist of the following:

Years Ending December 31,	Amount
2015	$ 430,144
2016	535,348
2017	485,040
2018	491,920
2019	499,122
2018 and thereafter	2,742,217
Total	$ 5,183,791

For the three months ended March 31, 2014 and 2013 rent expense was $100,258 and $116,159, respectively.

Letters of Credit

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 February 19, 2013 this letter of credit and certificate of deposit restriction was released.

As of March 31, 2014, $583,073 in a letter of credit was outstanding under a revolving bank credit facility needed to collateralize a performance bond on a certain installation project. This revolving bank credit facility expires June 14, 2014. In addition, approximately $1,055,000 in a letter of credit was required to collateralize performance bonds on several installation projects. This letter of credit is collateralized by an account owned by John N. Hatsopoulos and expires July 22, 2014. In each case, a performance bond has been furnished on the project and would be drawn upon only in the event that Tecogen fails to complete the project in accordance with the contract.

Note 6 – Noncontrolling interests

Shares of restricted common stock issued under Ilios's equity compensation plan, but which have not yet vested, have not been included in calculating the percentages in this Note 6.

As of December 31, 2010 Tecogen owned 63.0% of Ilios. During the year ended December 31, 2012 Tecogen purchased 1,500,000 shares of Ilios common stock at $0.50 per share for an aggregate amount of $750,000 which increased Tecogen's ownership interest to 67.4%.

During the year ended December 31, 2013 Ilios sold 1,000,000 shares of common stock to an accredited investor at $0.50 per share for an aggregate amount of $500,000. Also during the year ended December 31, 2013, Tecogen purchased 1,000,000 shares of Ilios common stock at $0.50 per share for an aggregate amount of $500,000. The net result decreased Tecogen’s ownership interest to 65.0%.

Note 7 – Related party transactions

The Company has five affiliated companies, namely American DG Energy Inc., or American DG Energy, EuroSite Power Inc., GlenRose Instruments Inc., or GlenRose Instruments, Pharos LLC, or Pharos, and Levitronix Technologies LLC, or Levitronix. These companies are affiliates because several of the major stockholders of those companies, have a significant ownership position in the Company. None of American DG Energy, EuroSite Power, GlenRose Instruments, Pharos and Levitronix own any shares of the Company, and the Company does not own any shares of American DG Energy, EuroSite Power, GlenRose Instruments, Pharos or Levitronix. The business of GlenRose Instruments, Pharos and Levitronix is not related to the business of the Company.

American DG Energy, EuroSite Power, GlenRose Instruments, Pharos and Levitronix are affiliated companies by virtue of common ownership. The common stockholders include:

- John N. Hatsopoulos, the Company’s Chief Executive Officer, who is also: (a) the Chief Executive Officer and a director of American DG Energy and holds 10.7% of American DG Energy’s common stock; (b) the Chairman of EuroSite Power; (c) a director of Ilios and holds 7.2% of EuroSite Power’s common stock; and (d) the Chairman of GlenRose Instruments and holds 15.7% of GlenRose Instruments’ common stock.
- Dr. George N. Hatsopoulos, who is John N. Hatsopoulos’ brother, and is also: (a) a director of American DG Energy and holds 13.6% of American DG Energy’s common stock; (b) an investor in Ilios and holds 3.1% of Ilios' common stock; (c) an investor of GlenRose Instruments and holds 15.7% of GlenRose Instruments' common stock; (d) an investor of Pharos and may be deemed to hold 24.4% of Pharos' common stock; and (e) an investor of Levitronix and may be deemed to hold 21.4% of Levitronix’s common stock.

Additionally, the following related persons had or may have a direct or indirect material interest in our transactions with our affiliated companies:

- Barry J. Sanders, who is: (a) the President and Chief Operating Officer of American DG Energy, (b) the Chief Executive Officer and a director of EuroSite Power and (c) the Chairman of Ilios.
- Anthony S. Loumidis, the Company’s former Vice President and Treasurer, who is: (a) the former Chief Financial Officer Secretary and Treasurer of American DG Energy, (b) the former Chief Financial Officer Secretary and Treasurer of EuroSite Power, (c) the former Chief Financial Officer Secretary and Treasurer of GlenRose Instruments and (d) the former Treasurer of Ilios.

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, who subscribed for debentures having an initial principal amount of $200,000; the John N. Hatsopoulos 1989 Family Trust for the benefit of Nia Marie Hatsopoulos, or the Nia Hatsopoulos Trust, which subscribed for debentures having an initial principal amount of $50,000; and John N. Hatsopoulos 1989 Family Trust for the benefit of Alexander John Hatsopoulos, or the Alexander Hatsopoulos Trust, which subscribed for debentures having an initial principal amount of $50,000. Nia Hatsopoulos and Alexander Hatsopoulos are John N. Hatsopoulos's adult children. John N. Hatsopoulos disclaims beneficial ownership of any shares held by these trusts. The debentures accrue interest at a rate of 6% per annum and were 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 $1.20 per share.

On September 24, 2007, George N. Hatsopoulos, the Nia Hatsopoulos Trust and the Alexander Hatsopoulos Trust, holding debentures representing a majority of the then-outstanding principal amount of the debentures, agreed to extend the debenture term to September 24, 2011. On May 11, 2009, George N. Hatsopoulos converted $109,033 of the principal amount under the debentures held by him, together with accrued interest in the amount of $90,967 into 400,000 shares of common stock of Ilios, the Company's then newly-formed subsidiary, at a conversion price of $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, Joseph J. Ritchie elected to convert the outstanding principal amount under the debenture held by him, $30,000, together with accrued interest of $14,433, into 37,028 shares of the Company's common stock at a conversion price of $1.20 per share.

On September 24, 2011, George N. Hatsopoulos, the Nia Hatsopoulos Trust and the Alexander Hatsopoulos Trust, holding debentures representing a majority of the then-outstanding principal amount of the debentures, agreed to extend the term of the debentures to September 24, 2013 and requested that accrued interest in the aggregate amount of approximately $72,960 be converted into the Company's common stock at $2.00 per share (which was the average price of the Company's stock between September 24, 2001 and September 24, 2011).

On September 30, 2012, the debentures, including accrued interest, were converted into 170,480 shares of Common Stock held in the JNH 1989 Family Trust for the benefit of Nia Marie Hatsopoulos and 170,480 shares of Common Stock held in the JNH 1989 Family Trust for the benefit of Alexander J. Hatsopoulos for whom Mr. and Mrs. Paris Nicolaidis are the trustees. Mr. John N. Hatsopoulos disclaims beneficial ownership of the shares held by this trust.

On October 18, 2013, the remaining holder of the debentures, George N. Hatsopoulos, converted the principal balance of $90,967 into 75,806 shares of the Company's common stock at a conversion price of $1.20 per share. In addition, Mr. Hatsopoulos requested that the accrued interest earned in 2012 in the amount of $6,913 be converted into 2,161 shares of the Company's common stock at a conversion price of $3.20 per share and that the accrued interest earned on or after January 1, 2013 in the amount of $4,367 be converted into 970 shares of the Company's common stock at a conversion price of $4.50 per share.

On September 10, 2008 the Company entered into a demand note agreement with John N. Hatsopoulos, in the principal amount of $250,000 at an annual interest rate of 5%. On September 7, 2011 the Company entered in to an additional demand note agreement with John N. Hatsopoulos, in the principal amount of $750,000 at an annual interest rate of 6%. On November 30, 2012 the Company entered into an additional demand note agreement with John N. Hatsopoulos, in the principal amount of $300,000 at an annual interest rate of 6%. Unpaid principal and interest on the demand notes are due upon demand. On October 3, 2013 the Company entered into an additional demand note agreement with John N. Hatsopoulos, in the principal amount of $450,000 at an annual interest rate of 6%. On January 6, 2014, the Company repaid the then outstanding principal balance of 1,750,000 together with accrued interest of $175,311.

On March 25, 2013, the Company entered into a Revolving Line of Credit Agreement, or the Credit Agreement, with John N. Hatsopoulos, our Chief Executive Officer. Under the terms of the Credit Agreement, as amended on August 13, 2013, Mr. Hatsopoulos has agreed to lend the Company up to an aggregate of $1,500,000 from time to time, at the written request of the Company. Any amounts borrowed by the Company pursuant to the Credit Agreement will bear interest at the Bank Prime Rate as quoted from time to time in the Wall Street Journal plus 1.5% per year. Repayment of the principal amount borrowed pursuant to the Credit Agreement will be due on March 1, 2014. In addition, the company may prepay accrued interest, provided that prepayment may not be made prior to January 1, 2014. The Credit Agreement terminates on March 1, 2014. As of December 31, 2013 the Company has borrowed $1,200,000 pursuant to the Credit Agreement. On January 6, 2014, the Company repaid the then outstanding principal balance of $1,200,000 together with accrued interest of $25,347.

On December 23, 2013, the company entered into a Senior Convertible Promissory Note (the "Note") with Michaelson Capital Special Finance Fund LP, ("Michaelson"), for the principal amount of $3,000,000 with interest at 4% per annum for a term of three years. The Note is a senior unsecured obligation which pays interest only on a monthly basis in arrears at a rate of 4% per annum, unless earlier converted in accordance with the terms of the agreement prior to such date. The principal amount, if not converted, is due on the third anniversary of the date of the Note. The Note is senior in right of payment to any unsecured indebtedness that is expressly subordinated in right of payment to the Note. The Note is convertible into shares of the Company's common stock at 185.19 shares of our common stock per $1,000 principal amount of Note (equivalent to a conversion price of $5.40 per share). Debt issuance costs of $140,433 are being amortized to expense over the term of the Note using the effective interest method. At December 31, 2013, there were 555,556 shares of common stock issuable upon conversion of the Company's outstanding convertible debentures.

In addition, on December 23, 2013, Michaelson participated in our private placement, investing $2,000,000 to purchase 444,445 shares of common stock at $4.50 per share. As of the purchase date and December 31, 2013, Michaelson, on a fully diluted basis, owns 6.4% of the Company. As Michaelson's beneficial ownership is 6.4% after this transaction, it is now considered a related party.

John N. Hatsopoulos' salary is $1.00 per year. On average, Mr. Hatsopoulos spends approximately 50% 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.

On January 1, 2006, the Company entered into a Facilities and Support Services Agreement with American DG Energy for a period of one year, renewable annually, on January 1st, by mutual agreement. That agreement was replaced by the Facilities, Support Services and Business Agreement between the Company and American DG Energy, effective July 1, 2013. Under this agreement, the Company provides American DG Energy with certain office and business support services and also 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 the Company to service its chiller and cogeneration products. The Company also provides office space and certain utilities to American DG Energy based on a monthly rate set at the beginning of each year. Also, under this agreement, American DG Energy has sales representation rights to the Company's products and services in New England.

On July 1, 2013 the Company entered into an Amendment to the Facilities, Support Services and Business Agreement, or the Amendment, with American DG Energy Inc., or American DG Energy. The Amendment renewed the term of the Facilities, Support Services and Business Agreement between the Company and American DG Energy for a one year period, beginning on July 1, 2013.

The Company subleases portions of its corporate offices and manufacturing facility to sub-tenants under annual sublease agreements. For the three months ended March 31, 2014 and 2013, the Company received $31,446 and $36,275, respectively, from American DG Energy, Levitronix LLC and Alexandros Partners LLC. In addition, for the three months ended March 31, 2014 and 2013 the Company received from the same companies, $23,238 and $22,833, respectively, to offset common operating expenses incurred in the administration and maintenance of its corporate office and warehouse facility.

The Company's headquarters are located in Waltham, Massachusetts and consist of approximately 35,000 square feet of office and storage space that are shared with American DG Energy and other tenants. The lease expires on March 31, 2024. We believe that our facilities are appropriate and adequate for our current needs.

Revenue from sales of cogeneration and chiller systems, parts and service to American DG Energy during the three months ended March 31, 2014 and 2013 amounted to $485,414 and $225,605, respectively. In addition, Tecogen pays certain operating expenses, including benefits and insurance, on behalf of American DG Energy. Tecogen was reimbursed for these costs. As of March 31, 2014 the total amount due from American DG Energy was $306,305, which is included in due from related party on the accompanying condensed consolidated balance sheet. As of December 31, 2013 the total amount due to American DG Energy was $119,667.

On March 14, 2013 the Company received a prepayment for purchases of modules, parts and service to be made by American DG Energy in the amount of $827,747. The Company will provide a discount on these prepaid purchases equal to 6% per annum on deposit balances. As of March 31, 2014 the principal balance on this prepayment was $113,384 and is included in due from related party, net of amounts receivable but not yet due from American DG Energy, in the accompanying condensed consolidated balance sheet.

Note 8 – 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. 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 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.

	March 31, 2014	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Certificates of deposit	$ 583,720	—	$ 583,720	—
Total Assets	$ 583,720	$ —	$ 583,720	$ —

The Company's financial instruments that are not recorded at fair value on a recurring basis include cash and cash equivalents, accounts receivable, accounts payable, capital lease obligations, related party demand notes payable and 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 March 31, 2014, the carrying value on the consolidated balance sheet of the notes payable, convertible debentures and capital lease obligations approximates fair value based on current market rates for instruments with similar maturities adjusted for applicable credit risk, which are Level 2 inputs.

Note 9 - Asset acquisition

On January 9, 2013 the Company purchased certain assets, both tangible and intangible, required to manufacture the generator used in its InVerde product from Danotek Motion Technologies. The aggregate consideration paid by the Company was $497,800, of which $17,400 represents the fair value of inventory and $199,530 represents the estimated fair value of property, plant and equipment which is depreciated over useful lives ranging from 5 to 8.5 years. The fair value of the property, plant and equipment was estimated utilizing a replacement cost method. In addition, $240,000 of the purchase consideration represents the fair value of identified intangible assets using a relief from royalty method with a useful life of fifteen years. The balance of $40,870 is included in goodwill in the accompanying condensed consolidated balance sheet, which consists largely of economies of scale expected from combining the manufacturing of the generator into Tecogen's operations. Acquisition related costs were not material to the financial statements and were expensed as incurred to general and administrative expenses.

This transaction was accounted for under the purchase method of accounting in accordance with FASB ASC Topic 805, Business Combinations. Under the purchase method of accounting, the total purchase price has been allocated to the net tangible and intangible assets acquired based on estimates of their values by the Company's management. There is one reporting unit within the Company.

Under the purchase method of accounting, an acquisition is recorded as of the closing date, reflecting the purchased assets, at their acquisition date fair values. Intangible assets that are identifiable are recognized separately from goodwill which is measured and recognized as the excess of the fair value, as a whole, over the net amount of the recognized identifiable assets acquired.

The purchase price has been allocated as follows:

Inventory	$	17,400
Machinery and equipment		171,910
Computer equipment		22,070
Tooling		5,550
Developed technology		240,000
Goodwill		40,870
	$	497,800

Note 10 - Intangible assets other than goodwill

As of March 31, 2014 the Company has the following amounts related to intangible assets:

	Gross Carrying Amount	Accumulated Amortization
Patent costs	$ 469,031	$ 45,648
Product certifications	415,706	93,312
Developed technology	240,000	16,000
Total	$ 1,124,737	$ 154,960

The aggregate amortization expense of the Company's intangible assets for the three months ended March 31, 2014 and 2013 was $19,972 and $9,760, respectively.

Estimated future annual amortization expense related to the intangible assets is as follows:

2014	$	59,917
2015		124,575
2016		124,575
2017		124,575
2018		118,378
Thereafter		417,757
	$	969,777

The Company expects to receive foreign patents for the patents granted in the United States by year end. The expense in the estimated future amortization schedule is based on this assumption.

Note 11 – Subsequent events

On May 15, 2014, Tecogen Inc., or the Company, entered into a placement agent agreement, or the Placement Agent Agreement, with Scarsdale Equities LLC, as Placement Agent, for a primary offering of the Company’s common stock. The Placement Agent Agreement provides that the Placement Agent will act as the Company’s exclusive agent to solicit offers for the purchase of up to two million shares of the Company’s common stock on a commercially reasonable efforts basis.

On May 16, 2014, the Company entered into a series of subscription agreements, or the Subscription Agreements, with investors in connection with the offering described below. The Subscription Agreements provide for the purchase of an aggregate of 647,706 shares of the Company’s common stock at a price of $4.75 per share.

On May 20, 2014, we closed a primary offering of 647,706 shares of our Common Stock with an offering price of $4.75 per share, and our shares began trading on the NASDAQ Capital Market under the symbol “TGEN”. We received $3,076,604 of gross proceeds before deducting placement agent fees and offering expenses. Scarsdale Equities LLC served as placement agent in the primary offering.

The Company has evaluated subsequent events through the date of this report 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 such amounts are estimates, other than the fees payable to the SEC, the Financial Industry Regulatory Authority, Inc. ("FINRA"), and the NASDAQ Capital Market.

SEC registration fee	$	1,176
Legal fees and expenses		20,000
Accounting fees and expenses		10,000
Printing and miscellaneous		1,000
Total	$	32,176

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 or she is or 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 since January 1, 2010 through June 25, 2014. 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 March 26, 2010, the Company raised $142,500 through the exercise of 118,750 warrants of Common Stock at a price of $1.20 per share. The warrant exercise was done by three accredited investors representing 1.0% of the total shares then outstanding. Prior to this transaction the company had 11,628,936 shares of Common Stock outstanding. Included in those shares are 56,250 shares to George N. Hatsopoulos, 56,250 shares to John N. Hatsopoulos, and 6,250 shares to Ravinder K. Sakhuja. Such transactions were exempt from registration under Section 4(a)(2) of the Securities Act and/or under Rule 506 of Regulation D.

On October 20, 2010, the Company raised $1,211,250 in a private placement of 466,866 shares of Common Stock at a price of $2.60 per share. The private placement was done exclusively by eight accredited investors, representing 4.0% of the total shares then outstanding. Prior to this transaction the company had 11,747,686 shares of Common Stock outstanding. Included in those shares are 192,308 shares to Nettlestone Enterprises Limited, 192,308 shares to RBC cees Nominees Ltd, 37,500 shares to Stephen B. Brodeaur, 25,000 shares to Kenneth G. Eisner, 6,250 shares to Ernest Aloi and Joseph Aloi, 6,250 shares to Ernest Aloi and Catherine Aloi, and 6,250 shares to Ernest Aloi and Karen Mauro. Such transactions were exempt from registration under Section 4(a)(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 256,183 shares of Common Stock at a price of $2.60 per share. The private placement was done exclusively by twelve accredited investors, representing 2.1% of the total shares then outstanding. Prior to this transaction the company had 12,232,762 shares of Common Stock outstanding. Included in those shares are 192,308 shares to the Southern California Gas Company, 25,000 shares to Giordano Venzi, 5,000 shares to Ioannis Retsos, 5,000 shares Vasileios Kakoulidis, 5,000 shares to Sandro Reginelli, 5,000 shares to Jean Skeparnias, 3,750 shares to Franco Venzi, 3,750 shares to Nicola Bianchi, 3,750 shares to Charlotte Maier, 3,750 shares to Fermin Alou, 2,500 shares to Stephano Venzi, and 1,375 shares to Athanasios Kyranis. Such transactions were exempt from registration under Section 4(a)(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 5,000 shares of Common Stock at a price of $2.80 per share. The private placement was done by Michael Zuk, Jr. & Gayle Line Zuk JTWROS, an accredited investor representing 0.04% of the total shares then outstanding. Prior to this transaction the company had 12,488,945 shares of Common Stock outstanding. Such transaction was exempt from registration under Section 4(a)(2) of the Securities Act and/or under Rule 506 of Regulation D.

On September 24, 2011, holders of the Company's convertible debentures elected to convert accrued interest of $72,959, into 36,480 shares of Common Stock at a conversion price of $2.00 per share. The conversion was done exclusively by three accredited investors, representing 0.3% of the total shares then outstanding. Prior to this transaction the company had 12,543,945 shares of Common Stock outstanding. Included in those shares are 6,474 shares to George N. Hatsopoulos, 15,003 shares to Paris and Aliki Nikolaidis, trustees for the John N. Hatsopoulos 1989 Family Trust for the benefit of Nia Marie Hatsopoulos, and 15,003 shares to Paris and Aliki Nikolaidis, trustees for the John N. Hatsopoulos 1989 Family Trust for the benefit of Alexander John Hatsopoulos. Such transaction was 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 918,047 shares of Common Stock at a price of $3.20 per share. The private placement represented 7.3% of the total shares then outstanding and was sold exclusively to three accredited investors. Prior to this transaction the company had 12,580,424 shares of Common Stock outstanding. Included in those shares are 711,797 shares to RBC cees Nominees Limited, 156,250 shares to Nettlestone Enterprises Limited, and 50,000 shares to Jeremy Benjamin. Such transactions were exempt from registration under Section 4(a)(2) of the Securities Act and/or under Rule 506 of Regulation D.

On May 24, 2012, the Company raised $480,000 in a private placement of 150,000 shares of Common Stock at a price of $3.20 per share. The private placement represented 1.1% of the total shares then outstanding and was sold exclusively to three accredited investors. Prior to this transaction the company had 13,498,471 shares of Common Stock outstanding. Included in those shares are 62,500 shares to Bruno Meier, 25,000 shares to Hans Schopper, and 62,500 shares to Pictet Bank & Trust. Such transactions were exempt from registration under Section 4(a)(2) of the Securities Act and/or under Rule 506 of Regulation D.

On September 30, 2012, certain holders of the debentures converted the principal amount of $100,000 and accrued interest in the amount of $6,100 into 85,240 shares of the Company's Common Stock. The conversion was done by a related party representing 0.6% of the total shares then outstanding. Prior to this transaction the company had 13,648,471 shares of Common Stock outstanding. Included in those shares are 42,620 shares to Paris and Aliki Nikolaidis, trustees for the John N. Hatsopoulos Family Trust for the benefit of Nia Marie Hatsopoulos and 42,620 shares to Paris and Aliki Nikolaidis, trustees for the John N. Hatsopoulos Family Trust for the benefit of Alexander John Hatsopoulos. Such transaction was exempt from registration under Section 3(a)(9) of the Securities Act and/or under Rule 506 of Regulation D.

On December 3, 2012, the Company raised $200,000 in a private placement of 62,500 shares of Common Stock at a price of $3.20 per share. The private placement was done by Bruno Meier, an accredited investor representing 0.5% of the total shares then outstanding. Prior to this transaction the company had 13,733,711 shares of Common Stock outstanding. Such transaction was exempt from registration under Section 4(a)(2) of the Securities Act and/or under Rule 506 of Regulation D.

On October 16, 2013, the Company entered into a Common Stock Purchase Agreement with Bruno Meier, pursuant to which the Company sold, and Mr. Meier purchased, an aggregate of 66,667 shares of the Company's Common stock at a price of $4.50 per share for an aggregate purchase price of $300,000. Mr. Meier serves as a director of EuroSite Power Inc., which is an affiliate of the Company. Such transaction was exempt from registration under Section 4(a)(2) of the Securities Act and/or under Rule 506 of Regulation D.

On November 6, 2013, the Company entered into Common Stock Purchase Agreements with four accredited investors, pursuant to which the Company sold, and the investors purchased, an aggregate of 236,111 shares of the Company's Common Stock at a per share price of $4.50 per share for an aggregate purchase price of $1,062,500. Included in those shares are 11,111 shares to Issac Huberman. Such transaction was exempt from registration under Section 4(a)(2) of the Securities Act and/or under Rule 506 of Regulation D.

On November 8, 2013, the Company entered into common stock purchase agreements with certain accredited investors, pursuant to which the Company sold, and the investors purchased, an aggregate of 441,600 shares of the Company's Common Stock at a price of $4.50 per share for an aggregate purchase price of $1,987,200. Such transaction was exempt from registration under Section 4(a)(2) of the Securities Act and/or under Rule 506 of Regulation D.

On November 25, 2013, the Company entered into common stock purchase agreements with certain accredited investors pursuant to which the Company sold an aggregate of 212,750 shares of the Company's Common Stock at a price of $4.50 per share for an aggregate purchase price of $957,375. Included in those shares are 27,500 shares to Anthony B. Low-Beer and 26,250 shares to ALB Private Investments LLC. Such transaction was exempt from registration under Section 4(a)(2) of the Securities Act and/or under Rule 506 of Regulation D.

On December 5, 2013, the Company entered into common stock purchase agreements with certain accredited investors pursuant to which the Company sold an aggregate of 20,000 shares of the Company's Common Stock at a price of $4.50 per share for an aggregate purchase price of $90,000 Such transaction was exempt from registration under Section 4(a)(2) of the Securities Act and/or under Rule 506 of Regulation D.

Between December 13, 2013 and December 24, 2013, the Company entered into common stock purchase agreements with certain accredited investors pursuant to which the Company sold and the investors purchased an aggregate of 54,216 shares of the Company's common stock at a price of $4.50 per share for an aggregate purchase price of $243,969. Included in those shares are 1,700 shares to Jeb S. Armstrong, and 100 shares to Patricia Hatsopoulos, the wife of the Company's Chief Executive Officer. Such transaction was exempt from registration under Section 4(a)(2) of the Securities Act and/or under Rule 506 of Regulation D.

On December 23, 2013, the Company entered into a common stock purchase agreement with Michaelson Capital Special Finance Fund LP, or Michaelson, pursuant to which the Company sold an aggregate of 444,445 shares of the Company's common stock at a price of $4.50 per share for an aggregate purchase price of $2,000,000. On December 23, 2013, the Company entered into a Senior Convertible Promissory Note with Michaelson, for the principal sum of $3,000,000 with interest at 4.0% per annum for a term of three years. At Michaelson's option, the Senior Convertible Promissory Note, or a portion thereof, may be converted into shares of the Company's common stock at a conversion price of $5.40 per share, subject to adjustment. Such transaction was exempt from registration under Section 4(a)(2) of the Securities Act and/or under Rule 506 of Regulation D.

From December 25, 2013 to January 17, 2014, the Company raised $10,800 in a private placement of 2,400 shares of Common Stock at a price of $4.50 per share. The private placement was done with six accredited investors including 1,000 shares to Prime World, Inc. which is owned and operated by Joan Giacinti, a director of both American DG Energy, a related corporation and EuroSite Power a majority owned subsidiary of a related corporation, and 100 shares to John H. Jephson, who is not an insider but is related by marriage to a child of the insider John N. Hatsopoulos. Such transaction was exempt from registration under Section 4(a)(2) of the Securities Act and/or under Rule 506 of Regulation D.

Restricted Stock Grants

On September 15, 2010, the Company made restricted stock grants to three employees, permitting them to purchase an aggregate of 19,211 shares of Common Stock at a price of $0.004 per share. Such transactions were exempt from registration under Section 4(a)(2) of the Securities Act.

On June 20, 2011, the Company made a restricted stock grant to an employee, granting him the right to purchase an aggregate of 50,000 shares of Common Stock at a price of $0.004 per share. Such transaction was exempt from registration under the Securities Act under Section 4(a)(2).

Stock Options

On February 18, 2010, the Company granted nonqualified options to purchase 25,000 shares of Common Stock to one employee at $2.60 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 480,250 shares of the Common Stock to 28 employees at $2.60 per share. The grant of such options was exempt from registration under Rule 701 under the Securities Act.

On December 31, 2013, the Company granted nonqualified options to purchase 39,000 shares of the Common Stock to 26 employees and 1 director at $4.50 per share. The grant of such options was exempt from registration under Rule 701 under the Securities Act.

On April 25, 2014, the Company granted nonqualified options to purchase 50,000 shares of the Common Stock to 1 employee at $4.50 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 were deemed restricted securities when granted 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 registrant hereby undertakes:

(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. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Securities and Exchange Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in this registration statement or any material change to such information in this 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:

(i) If the registrant is subject to Rule 430C (§230.430C of this chapter), 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.

(ii) Insofar as indemnification for liabilities arising under the Securities Act 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 SEC such indemnification is against public policy as expressed in the Securities 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 Securities 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 amendment to the registration statement on Form S-1 to be signed on its behalf by the undersigned, thereunto duly authorized, in Waltham, Massachusetts, on June 27, 2014.

TECOGEN INC.

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

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	June 27, 2014
/s/ John N. Hatsopoulos John N. Hatsopoulos	Chief Executive Officer (Principal Executive Officer) & Director	June 27, 2014
/s/ Bonnie J. Brown Bonnie J. Brown	Chief Financial Officer (Principal Financial and Accounting Officer)	June 27, 2014
/s/ George N. Hatsopoulos* George N. Hatsopoulos	Director	June 27, 2014
/s/ Charles T. Maxwell* Charles T. Maxwell	Director	June 27, 2014
/s/ Ahmed F. Ghoniem* Ahmed F. Ghoniem	Director	June 27, 2014
/s/ Joseph E. Aoun* Joseph E. Aoun	Director	June 27, 2014

*By: /s/ John N. Hatsopoulos
Attorney-in-Fact

EXHIBIT INDEX

Exhibit Number	Description
3.1^	Amended and Restated Certificate of Incorporation (incorporated by reference to the registrant's Current Report on Form 8-K, dated July 25, 2013).
3.2^	Amended and Restated Bylaws (incorporated by reference to the registrant's Registration Statement on Form S-1, as amended, originally filed with the SEC on December 22, 2011 (Registration No. 333 178697)).
4.1^	Specimen Common Stock Certificate of Tecogen Inc.
4.2	Form of Restricted Stock Purchase Agreement (incorporated by reference to the registrant's Registration Statement on Form S-1, as amended, originally filed with the SEC on December 22, 2011 (Registration No. 333 178697)).
4.3+^	Form of Stock Option Agreement (incorporated by reference to the registrant's Registration Statement on Form S-1, as amended, originally filed with the SEC on December 22, 2011 (Registration No. 333 178697)).
4.4+	Indenture and Form of 6% Convertible Debenture Due 2004, dated September 24, 2001 (incorporated by reference to the registrant's Registration Statement on Form S-1, as amended, originally filed with the SEC on December 22, 2011 (Registration No. 333 178697)).
5.1**	Opinion of Sullivan & Worcester LLP.
10.1+^	Tecogen Inc. 2006 Stock Incentive Plan, as amended on November 10, 2011 (incorporated by reference to the registrant's Registration Statement on Form S-1, as amended, originally filed with the SEC on December 22, 2011 (Registration No. 333 178697)).
10.2	Form of Tecogen Inc. Subscription Agreement for private placement of Common Stock (incorporated by reference to the registrant's Registration Statement on Form S-1, as amended, originally filed with the SEC on December 22, 2011 (Registration No. 333 178697)).
10.3#^	Facilities and Support Services Agreement between American DG Energy Inc. and Tecogen Inc., dated July 1, 2012 (incorporated by reference to the registrant's Registration Statement on Form S-1, as amended, originally filed with the SEC on December 22, 2011 (Registration No. 333 178697)).
10.4^	First Amendment to the Facilities, Support Services, and Business Agreement between American DG Energy Inc. and Tecogen Inc., dated July 1, 2013 (incorporated by reference to the registrant's current report on Form 8-K filed July 3, 2013).
10.5^	Second Amendment to the Facilities, Support Services, and Business Agreement between American DG Energy Inc. and Tecogen Inc., dated November 12, 2013 (incorporated by reference to the registrant's quarterly report on Form 10-Q for the quarter ended September 30, 2013).
10.6#^	General Motors LLC, Customer Care and Aftersales Agreement, dated November 15, 2011 (incorporated by reference to the registrant's Registration Statement on Form S-1, as amended, originally filed with the SEC on December 22, 2011 (Registration No. 333 178697)).
10.7^	Lease Agreement between Atlantic-Waltham Investment II, LLC, and Tecogen Inc., dated May 14, 2008 (incorporated by reference to the registrant's Registration Statement on Form S-1, as amended, originally filed with the SEC on December 22, 2011 (Registration No. 333 178697)).
10.8^	Second Amendment to Lease Agreement between Atlantic-Waltham Investment II, LLC, and Tecogen Inc., dated January 16, 2013 (incorporated by reference to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014).
10.9+	Form of Demand Promissory Note Agreement by Tecogen Inc. in favor of John N. Hatsopoulos (incorporated by reference to the registrant's Registration Statement on Form S-1, as amended, originally filed with the SEC on December 22, 2011 (Registration No. 333 178697)).
10.10	Demand Promissory Note by Tecogen Inc., dated October 3, 2013, in favor of John N. Hatsopoulos (incorporated by reference to the registrant's Quarterly Report on Form 10-Q, for the quarter ended September 30, 2013).
10.11	Form of Sales Representative Agreement (incorporated by reference to the registrant's Registration Statement on Form S-1, as amended, originally filed with the SEC on December 22, 2011 (Registration No. 333 178697)).
10.12#^	Asset Purchase Agreement with Danotek, LLC (assignment for the benefit of creditors), dated January 8, 2013 (incorporated by reference to the registrant's Registration Statement on Form S-1, as amended, originally filed with the SEC on December 22, 2011 (Registration No. 333 178697)).
10.13#^	Exclusive License Agreement between Tecogen Inc. and the Wisconsin Alumni Research Foundation, dated February 5, 2007 (incorporated by reference to the registrant's Registration Statement on Form S-1, as amended, originally filed with the SEC on December 22, 2011 (Registration No. 333 178697)).
10.14#	Grant Award Number PIR-08-022, dated July 2, 2009 (incorporated by reference to the registrant's Registration Statement on Form S-1, as amended, originally filed with the SEC on December 22, 2011 (Registration No. 333 178697)).

Exhibit Number	Description
10.15#^	Sales Representative Agreement between American DG Energy Inc. and Ilios Dynamics, dated October 20, 2009 (incorporated by reference to the registrant's Registration Statement on Form S-1, as amended, originally filed with the SEC on December 22, 2011 (Registration No. 333 178697)).
10.16^	First Amendment to the Sales Representative Agreement, dated November 12, 2013, between Ilios Inc. and American DG Energy Inc. (incorporated by reference to the registrant's quarterly report on Form 10-Q for the quarter ended September 30, 2013).
10.17	Revolving Line of Credit Agreement, dated March 25, 2013, between Tecogen Inc. and John N. Hatsopoulos (incorporated by reference to the registrant's Current Report on Form 8-K, dated March 25, 2013).
10.18^	First Amendment to the Revolving Line of Credit Agreement, dated August 13, 2013, between Tecogen Inc. and John N. Hatsopoulos (incorporated by reference to the registrant's Quarterly Report on Form 10-Q, for the quarter ended June 30, 2013).
10.19^	Form of Common Stock Purchase Agreement (incorporated by reference to the registrant's Form 8-K, originally filed with the SEC on October 21, 2013).
10.20^	Form of Common Stock Purchase Agreement (incorporated by reference to the registrant's Form 8-K, originally filed with the SEC on November 8, 2013 and November 13, 2013).
10.21^	Senior Convertible Promissory Note, dated December 23, 2013, by Tecogen Inc. in favor of Michaelson Capital Special Finance Fund LP (incorporated by reference to the registrant's current report on Form 8-K dated December 23, 2013).
10.22^	Collective Bargaining Agreement, dated February 25, 2014, between Tecogen Inc. and International Union of Operating Engineers, Local 68, 68A, 68B (incorporated by reference to the registrant's annual report on Form 10-K for the fiscal year ended December 31, 2013).
10.23^	Revolving Line of Credit Agreement between Tecogen Inc. and John N. Hatsopoulos, dated March 26, 2014 (incorporated by reference to the registrant's annual report on Form 10-K for the fiscal year ended December 31, 2013).
21.1^	List of subsidiaries (incorporated by reference to the registrant's Registration Statement on Form S-1, as amended, originally filed with the SEC on December 22, 2011 (Registration No. 333 178697)).
23.1*	Consent of McGladrey LLP.
23.2**	Consent of Sullivan & Worcester LLP (included in the opinion filed as Exhibit 5.1).
24.1**	Power of Attorney.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase
101.DEF*	XBRL Taxonomy Extension Definition Linkbase
101.LAB*	XBRL Taxonomy Extension Label Linkbase
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase

*	Filed herewith.
**	Previously filed.
#	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.
+	Management contract or compensatory plan or agreement.
^	Previously filed but filed herewith for the convenience of the issuer. No changes were made to the previously filed exhibits.

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF TECOGEN INC.

(Originally incorporated on September 15, 2000 as Tecogen Acquisition Inc.)

FIRST: The name of the Corporation is Tecogen Inc.

SECOND: The address of the registered office of the Corporation in the State of Delaware is 2711 Centerville Road, Suite 400, in the City of Wilmington, County of New Castle, 19808. The name of the Corporation's registered agent at such address is Corporation Service Corporation.

THIRD: The nature of the business or purposes to be conducted or promoted by the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

FOURTH: The total number of shares of all classes of stock that the Corporation shall have authority to issue is 110,000,000, consisting of (i) 100,000,000 shares of Common Stock, $.001 par value per share ("Common Stock"), and (ii) 10,000,000 shares of Preferred Stock, $.001 par value per share ("Preferred Stock"), all of which Preferred Stock will be undesignated.

At the initial date and time of the effectiveness of this Amended and Restated Certificate of Incorporation (the "Reverse Stock Split Effective Time"), the following recapitalization (the "Reverse Stock Split") shall occur: each four shares of Common Stock of the Corporation issued and outstanding immediately prior to the Reverse Stock Split Effective Time shall be exchanged and combined into one share of Common Stock.

The Reverse Stock Split will be effected on a certificate-by-certificate basis, and any fractional shares resulting from such combination shall be rounded up to the nearest whole share on a certificate-by-certificate basis. The Reverse Stock Split shall occur automatically without any further action by the holders of the shares of Common Stock affected thereby.

The following is a statement of the designations and the powers, privileges and rights, and the qualifications, limitations or restrictions thereof in respect of each class of capital stock of the Corporation.

A. COMMON STOCK.

1. General. The voting, dividend and liquidation rights of the holders of the Common Stock are subject to and qualified by the rights of the holders of the Preferred Stock of any series as may be designated by the Board of Directors upon any issuance of the Preferred Stock of any series.

2. Voting. The holders of the Common Stock shall have voting rights at all meetings of stockholders, each such holder being entitled to one vote for each share thereof held by such holder; provided, however, that, except as otherwise required by law, holders of Common Stock shall not be entitled to vote on any amendment to this Certificate of Incorporation (which, as used herein, shall mean the certificate of incorporation of the Corporation, as amended from time to time, including the terms of any certificate of designations of any series of Preferred Stock) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together as a class with the holders of one or more other such series, to vote thereon pursuant to this Certificate of Incorporation. There shall be no cumulative voting.

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 the State of Delaware.

3. Dividends. Subject to any preferential dividend or other rights of any then outstanding Preferred Stock, the holders of shares of Common Stock shall be entitled to receive dividends and other distributions (payable in cash, property or capital stock of the Corporation) when, as and if declared thereon by the Board of Directors from time to time out of any assets or funds of the Corporation legally available therefor and shall share equally on a per share basis in such dividends and distributions.

4. Liquidation. Upon any voluntary or involuntary liquidation, dissolution or winding-up of the Corporation, after payment or provision for payment of the debts and other liabilities of the Corporation and subject to any preferential or other rights of any then outstanding Preferred Stock, holders of Common Stock shall be entitled to receive all the remaining assets of the Corporation available for distribution to its stockholders, ratably in proportion to the number of shares of Common Stock held by them.

B. PREFERRED STOCK.

Preferred Stock may be issued from time to time in one or more series, each of such series to have such terms as stated or expressed herein and in the resolution or resolutions providing for the issue of such series adopted by the Board of Directors of the Corporation as hereinafter provided. Any shares of Preferred Stock that may be redeemed, purchased or acquired by the Corporation may be reissued except as otherwise provided by law.

Authority is hereby expressly granted to the Board of Directors from time to time to issue the Preferred Stock in one or more series, and in connection with the creation of any such series, by adopting a resolution or resolutions providing for the issuance of the shares thereof and by filing a certificate of designations relating thereto in accordance with the General Corporation Law of the State of Delaware, to determine and fix the number of shares of such series and such voting powers, full or limited, or no voting powers, and such designations, preferences and relative participating, optional or other special rights, and qualifications, limitations or restrictions thereof, including dividend rights, conversion rights, redemption privileges and liquidation preferences, as shall be stated and expressed in such resolutions, all to the full extent now or hereafter permitted by the General Corporation Law of the State of Delaware. Without limiting the generality of the foregoing, the resolutions providing for issuance of any series of Preferred Stock may provide that such series shall be superior or rank equally or be junior to any other series of Preferred Stock to the extent permitted by law.

The number of authorized shares of Preferred Stock may be increased or decreased (but not below the number of shares then outstanding) by the affirmative vote of the holders of a majority of the voting power of the capital stock of the Corporation entitled to vote thereon, voting as a single class, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law of the State of Delaware.

FIFTH: Except as otherwise provided herein, 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 except as set forth in Article EIGHTH, all rights conferred upon stockholders, directors or any other persons by and pursuant to this Certificate of Incorporation are granted subject to this reservation.

SIXTH: In furtherance and not in limitation of the powers conferred upon it by the General Corporation Law of the State of Delaware, and subject to the terms of any series of Preferred Stock, the Board of Directors shall have the power to adopt, amend, alter or repeal the Bylaws of the Corporation 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. The stockholders may not adopt, amend, alter or repeal the Bylaws of the Corporation, or adopt any provision inconsistent therewith, unless such action is approved, in addition to any other vote required by this Certificate of Incorporation, by the affirmative vote of the holders of at least two-thirds of the votes that all the stockholders would be entitled to cast in an election of directors or class of directors. Notwithstanding any other provision of law, this Certificate of Incorporation or the Bylaws of the Corporation, and notwithstanding the fact that a lesser percentage may be specified by law, the affirmative vote of the holders of at least two-thirds of the votes that all the stockholders would be entitled to cast in an election of directors or class of directors shall be required to amend, alter or repeal, or to adopt any provision inconsistent with, this Article SIXTH.

SEVENTH: Except to the extent that the General Corporation Law of the State of Delaware, as the same exists or hereafter may be amended, prohibits the elimination or limitation of liability of directors for breaches of fiduciary duty, no person who is or was a 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 by the stockholders of the Corporation or by changes in law, or the adoption of any other provision of this Certificate of Incorporation inconsistent with this Article SEVENTH, unless otherwise required by law, 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, repeal or adoption of such inconsistent provision, provided, however, that if the General Corporation Law of the State of Delaware is amended to permit further elimination or limitation of the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the General Corporation Law of the State of Delaware as so amended.

EIGHTH: The Corporation shall provide indemnification as follows:

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 or she 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, partner, employee 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), liabilities, losses, judgments, fines, excise taxes and penalties arising under the Employee Retirement Income Security Act of 1974, and amounts paid in settlement actually and reasonably incurred by or on behalf of Indemnitee in connection with such action, suit or proceeding and any appeal therefrom, if Indemnitee acted in good faith and in a manner that Indemnitee 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 or her 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 Indemnitee did not act in good faith and in a manner that Indemnitee 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 or her conduct was unlawful.

2. Actions or Suits by or in the Right of the Corporation. The Corporation shall indemnify any Indemnitee who was or is a party to or 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 Indemnitee 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, partner, employee 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 or on behalf of Indemnitee in connection with such action, suit or proceeding and any appeal therefrom, if Indemnitee acted in good faith and in a manner that Indemnitee reasonably believed to be in, or not opposed to, the best interests of the Corporation, except that no indemnification shall be made under this Section 2 in respect of any claim, issue or matter as to which Indemnitee shall have been adjudged to be liable to the Corporation, unless, and only to the extent, that the Court of Chancery of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of such liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnity for such expenses (including attorneys' fees) that the Court of Chancery of Delaware or such other court shall deem proper.

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

4. Notification and Defense of Claim. As a condition precedent to an Indemnitee's right to be indemnified, such Indemnitee must notify the Corporation in writing as soon as practicable of any action, suit, proceeding or investigation involving such Indemnitee 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 Indemnitee. After notice from the Corporation to Indemnitee of its election so to assume such defense, the Corporation shall not be liable to Indemnitee for any legal or other expenses subsequently incurred by Indemnitee in connection with such action, suit, proceeding or investigation, other than as provided below in this Section 4. Indemnitee shall have the right to employ his or her own counsel in connection with such action, suit, proceeding or investigation, 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 Indemnitee unless (i) the employment of counsel by Indemnitee has been authorized by the Corporation, (ii) counsel to Indemnitee shall have reasonably concluded that there may be a conflict of interest or position on any significant issue between the Corporation and Indemnitee in the conduct of the defense of such action, suit, proceeding or investigation or (iii) the Corporation shall not in fact have employed counsel to assume the defense of such action, suit, proceeding or investigation, in each of which cases the fees and expenses of counsel for Indemnitee shall be at the expense of the Corporation, except as otherwise expressly provided by this Article EIGHTH. The Corporation shall not be entitled, without the consent of Indemnitee, to assume the defense of any claim brought by or in the right of the Corporation or as to which counsel for Indemnitee shall have reasonably made the conclusion provided for in clause (ii) above. The Corporation shall not be required to indemnify Indemnitee under this Article EIGHTH for any amounts paid in settlement of any action, suit, proceeding or investigation effected without its written consent. The Corporation shall not settle any action, suit, proceeding or investigation in any manner that would impose any penalty or limitation on Indemnitee without Indemnitee's written consent. Neither the Corporation nor Indemnitee will unreasonably withhold or delay its consent to any proposed settlement.

5. Advancement of Expenses. Subject to the provisions of Section 6 of this Article EIGHTH, in the event of any threatened or pending action, suit, proceeding or investigation of which the Corporation receives notice under this Article EIGHTH, any expenses (including attorneys' fees) incurred by or on behalf of Indemnitee in defending an 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 or on behalf of Indemnitee in advance of the final disposition of such matter shall be made only upon receipt of an undertaking by or on behalf of Indemnitee to repay all amounts so advanced in the event that it shall ultimately be determined by final judicial decision from which there is no further right to appeal that Indemnitee is not entitled to be indemnified by the Corporation as authorized in this Article EIGHTH; and provided, further, that no such advancement of expenses shall be made under this Article EIGHTH if it is determined (in the manner described in Section 6) that (i) Indemnitee did not act in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Corporation, or (ii) with respect to any criminal action or proceeding, Indemnitee had reasonable cause to believe his or her conduct was unlawful. Such undertaking shall be accepted without reference to the financial ability of Indemnitee to make such repayment.

6. Procedure for Indemnification and Advancement of Expenses. In order to obtain indemnification or advancement of expenses pursuant to Section 1, 2, 3 or 5 of this Article EIGHTH, an Indemnitee shall submit to the Corporation a written request. Any such indemnification and advancement of expenses shall be made promptly, and in any event within 60 days after receipt by the Corporation of the written request of Indemnitee, except in the case of a claim for an advancement of expenses, the applicable period shall be 30 days, unless (i) the Corporation has assumed the defense pursuant to Section 4 of this Article EIGHTH (and none of the circumstances described in Section 4 of this Article EIGHTH that would nonetheless entitle the Indemnitee to indemnification for the fees and expenses of separate counsel have occurred) or (ii) the Corporation determines within such applicable period that Indemnitee did not meet the applicable standard of conduct set forth in Section 1, 2 or 5 of this Article EIGHTH, as the case may be. Any such indemnification, unless ordered by a court, shall be made with respect to requests under Section 1 or 2 only as authorized in the specific case upon a determination by the Corporation that the indemnification of Indemnitee is proper because Indemnitee has met 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 (a) by 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, (b) by a committee of disinterested directors designated by majority vote of disinterested directors, whether or not a quorum, (c) if there are no disinterested directors, or if the disinterested directors so direct, by independent legal counsel (who may, to the extent permitted by law, be regular legal counsel to the Corporation) in a written opinion, or (d) by the stockholders of the Corporation.

7. Remedies. The right to indemnification or advancement of expenses as granted by this Article EIGHTH shall be enforceable by Indemnitee in any court of competent jurisdiction. 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 Indemnitee has met the applicable standard of conduct, nor an actual determination by the Corporation pursuant to Section 6 of this Article EIGHTH that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct. In any suit brought by Indemnitee to enforce a right to indemnification, or brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall have the burden of proving that Indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article EIGHTH. Indemnitee's expenses (including attorneys' fees) reasonably incurred in connection with successfully establishing Indemnitee's right to indemnification, in whole or in part, in any such proceeding shall also be indemnified by the Corporation. Notwithstanding the foregoing, in any suit brought by Indemnitee to enforce a right to indemnification hereunder it shall be a defense that the Indemnitee has not met any applicable standard for indemnification set forth in the General Corporation Law of the State of Delaware.

8. Limitations. Notwithstanding anything to the contrary in this Article EIGHTH, except as set forth in Section 7 of this Article EIGHTH, the Corporation shall not indemnify an Indemnitee pursuant to this Article EIGHTH in connection with a proceeding (or part thereof) initiated by such Indemnitee unless the initiation thereof was approved by the Board of Directors of the Corporation. Notwithstanding anything to the contrary in this Article EIGHTH, 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 indemnification payments to the Corporation to the extent of such insurance reimbursement.

9. Subsequent Amendment. No amendment, termination or repeal of this Article EIGHTH or of the relevant provisions of the General Corporation Law of the State of Delaware or any other applicable laws, or the adoption of any other provision of this Certificate of Incorporation inconsistent with this Article EIGHTH, shall adversely 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 (except to the extent such amendment, termination or repeal permits the Corporation to provide broader indemnification rights on a retroactive basis than permitted prior thereto).

10. Other Rights. The indemnification and advancement of expenses provided by this Article EIGHTH 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), this Certificate of Incorporation, the Bylaws of the Corporation, an agreement or vote of stockholders or disinterested directors or otherwise, both as to action in Indemnitee's 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 Indemnitee. Nothing contained in this Article EIGHTH 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 EIGHTH. 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 EIGHTH.

11. Partial Indemnification. If an Indemnitee is entitled under any provision of this Article EIGHTH to indemnification by the Corporation for some or a portion of the expenses (including attorneys' fees), liabilities, losses, judgments, fines (including excise taxes and penalties arising under the Employee Retirement Income Security Act of 1974) or amounts paid in settlement actually and reasonably incurred by or on behalf of Indemnitee 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 Indemnitee for the portion of such expenses (including attorneys' fees), liabilities, losses, judgments, fines (including excise taxes and penalties arising under the Employee Retirement Income Security Act of 1974) or amounts paid in settlement to which Indemnitee is entitled.

12. 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 or her in any such capacity, or arising out of his or her 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 the State of Delaware.

13. Savings Clause. If this Article EIGHTH or any portion hereof shall be held invalid, illegal or unenforceable on any ground whatsoever by any court of competent jurisdiction, (a) the validity, legality and enforceability of the remaining provisions of this Article EIGHTH shall not in any way be effected or impaired thereby; and (b) the Corporation shall nevertheless indemnify each Indemnitee as to any expenses (including attorneys' fees), liabilities, losses, judgments, fines (including excise taxes and penalties arising under the Employee Retirement Income Security Act of 1974) 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 EIGHTH that shall not have been invalidated and to the fullest extent permitted by applicable law, provided further, that to the fullest extent possible, the provisions of this Article EIGHTH (including, without limitation, each such portion of this Article EIGHTH containing any such provisions held to be invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

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

NINTH: This Article NINTH is inserted for the management of the business and for the conduct of the affairs of the Corporation.

1. General Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors.

2. Number of Directors; Election of Directors. Subject to the rights of holders of any series of Preferred Stock to elect directors, the number of directors of the Corporation shall be established by the Board of Directors. Election of directors need not be by written ballot, except as and to the extent provided in the Bylaws of the Corporation.

3. Classes of Directors. Subject to the rights of holders of any series of Preferred Stock to elect directors, the Board of Directors shall consist of only one class.

4. Term of Office. Subject to the rights of holders of any series of Preferred Stock to elect directors, each director shall serve for a term ending on the date of the next annual meeting following the annual meeting at which such director was elected; provided that the term of any person who is a director of the Corporation on the date of filing of this Amended and Restated Certificate of Incorporation with the Secretary of State of Delaware shall expire at the Corporation's annual meeting of stockholders held in 2013; and provided further that the term of each director shall continue until the election and qualification of his successor and be subject to his earlier death, resignation or removal.

5. Quorum. The greater of (a) a majority of the directors at any time in office and (b) one-third of the number of directors fixed pursuant to Section 2 of this Article NINTH shall constitute a quorum of the Board of Directors. If at any meeting of the Board of Directors there shall be less than such a quorum, a majority of the directors present may adjourn the meeting from time to time without further notice other than announcement at the meeting, until a quorum shall be present.

6. Action at Meeting. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors unless a greater number is required by law or by this Certificate of Incorporation.

7. Removal. Subject to the rights of holders of any series of Preferred Stock, directors of the Corporation may be removed only for cause and only by the affirmative vote of the holders of at least two-thirds of the votes that all the stockholders would be entitled to cast in an election of directors or class of directors.

8. Vacancies. Subject to the rights of holders of any series of Preferred Stock, any vacancies or newly-created directorships in the Board of Directors, however occurring, shall be filled only by vote of a majority of the directors then in office, although less than a quorum, or by a sole remaining director and shall not be filled by the stockholders. A director elected to fill a vacancy or to fill a position resulting from a newly-created directorship shall hold office as set forth in Section 4 of this Article NINTH.

9. Stockholder Nominations and Introduction of Business, Etc. Advance notice of stockholder nominations for election of directors and other business to be brought by stockholders before a meeting of stockholders shall be given in the manner provided by the Bylaws of the Corporation.

10. Amendments to Article. Notwithstanding any other provision of law, this Certificate of Incorporation or the Bylaws of the Corporation, and notwithstanding the fact that a lesser percentage may be specified by law, the affirmative vote of the holders of at least two-thirds of the votes that all the stockholders would be entitled to cast in an election of directors or class of directors shall be required to amend or repeal, or to adopt any provision inconsistent with, this Article NINTH.

TENTH: Notwithstanding any other provision of law, this Certificate of Incorporation or the Bylaws of the Corporation, and notwithstanding the fact that a lesser percentage may be specified by law, the affirmative vote of the holders of at least two-thirds of the votes that all the stockholders would be entitled to cast in an election of directors or class of directors shall be required to amend or repeal, or to adopt any provision inconsistent with, this Article TENTH.

ELEVENTH: Special meetings of stockholders for any purpose or purposes may be called at any time by the Board of Directors, the Chairman of the Board or the Chief Executive Officer, but such special meetings may not be called by any other person or persons. Business transacted at any special meeting of stockholders shall be limited to matters relating to the purpose or purposes stated in the notice of meeting. Notwithstanding any other provision of law, this Certificate of Incorporation or the Bylaws of the Corporation, and notwithstanding the fact that a lesser percentage may be specified by law, the affirmative vote of the holders of at least two-thirds of the votes that all the stockholders would be entitled to cast in an election of directors or class of directors shall be required to amend or repeal, or to adopt any provision inconsistent with, this Article ELEVENTH.

IN WITNESS WHEREOF, this Restated Certificate of Incorporation, which restates, integrates and amends the certificate of incorporation of the Corporation, and which has been duly adopted in accordance with Sections 228, 242 and 245 of the General Corporation Law of the State of Delaware, has been executed by its duly authorized officer on July 22, 2013.

TECOGEN INC.

By: /s/ Bonnie J. Brown
Name: Bonnie J. Brown
Title: Chief Financial Officer

Exhibit 3.2

AMENDED AND RESTATED BYLAWS
OF
TECOGEN INC.

Adopted [•], 2012,

to be effective upon the effectiveness of the company's registration statement on Form S-1

ARTICLE I - STOCKHOLDERS

1.1 Place of Meetings. All meetings of stockholders shall be held at such place as may be designated from time to time by the Board of Directors, the Chairman of the Board, the Chief Executive Officer or the President or, if not so designated, at the principal office of the corporation.

1.2 Annual Meeting. The annual meeting of stockholders for the election of directors and for the transaction of such other business as may properly be brought before the meeting shall be held on a date and at a time designated by the Board of Directors, the Chairman of the Board, the Chief Executive Officer or the President (which date shall not be a legal holiday in the place where the meeting is to be held).

1.3 Special Meetings. Special meetings of stockholders for any purpose or purposes may be called at any time only by the Board of Directors, the Chairman of the Board or the Chief Executive Officer, and may not be called by any other person or persons. The Board of Directors may postpone or reschedule any previously scheduled special meeting of stockholders. Business transacted at any special meeting of stockholders shall be limited to matters relating to the purpose or purposes stated in the notice of meeting.

1.4 Notice of Meetings. Except as otherwise provided by law, notice of each meeting of stockholders, whether annual or special, shall be given not less than 10 nor more than 60 days before the date of the meeting to each stockholder entitled to vote at such meeting. Without limiting the manner by which notice otherwise may be given to stockholders, any notice shall be effective if given by a form of electronic transmission consented to (in a manner consistent with the General Corporation Law of the State of Delaware) by the stockholder to whom the notice is given. The notices of all meetings shall state the place, date and time of the meeting and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting. The notice of a special meeting shall state, in addition, the purpose or purposes for which the meeting is called. If notice is given by mail, such notice shall be deemed given when deposited in the United States mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the corporation. If notice is given by electronic transmission, such notice shall be deemed given at the time specified in Section 232 of the General Corporation Law of the State of Delaware.

1.5 Voting List. The Secretary shall prepare, at least 10 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. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, for a period of at least 10 days prior to the meeting: (a) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (b) during ordinary business hours, at the principal place of business of the corporation. 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. The list shall presumptively determine the identity of the stockholders entitled to vote at the meeting and the number of shares held by each of them.

1.6 Quorum. Except as otherwise provided by law, the Certificate of Incorporation or these Bylaws, the holders of a majority in voting power of the shares of the capital stock of the corporation issued and outstanding and entitled to vote at the meeting, present in person, present by means of remote communication in a manner, if any, authorized by the Board of Directors in its sole discretion, or represented by proxy, shall constitute a quorum for the transaction of business; provided, however, that where a separate vote by a class or classes or series of capital stock is required by law or the Certificate of Incorporation, the holders of a majority in voting power of the shares of such class or classes or series of the capital stock of the corporation issued and outstanding and entitled to vote on such matter, present in person, present by means of remote communication in a manner, if any, authorized by the Board of Directors in its sole discretion, or represented by proxy, shall constitute a quorum entitled to take action with respect to the vote on such matter. A quorum, once established at a meeting, shall not be broken by the withdrawal of enough votes to leave less than a quorum.

1.7 Adjournments. Any meeting of stockholders may be adjourned from time to time to any other time and to any other place at which a meeting of stockholders may be held under these Bylaws by the chairman of the meeting or by the stockholders present or represented at the meeting and entitled to vote, although less than a quorum. It shall not be necessary to notify any stockholder of any adjournment of less than 30 days if the time and place of the adjourned meeting, and the means of remote communication, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting, are announced at the meeting at which adjournment is taken, unless after the adjournment a new record date is fixed for the adjourned meeting. At the adjourned meeting, the corporation may transact any business that might have been transacted at the original meeting.

1.8 Voting and Proxies. Each stockholder shall have one vote for each share of stock entitled to vote held of record by such stockholder and a proportionate vote for each fractional share so held, unless otherwise provided by law or the Certificate of Incorporation. Each stockholder of record entitled to vote at a meeting of stockholders may vote in person (including by means of remote communications, if any, by which stockholders may be deemed to be present in person and vote at such meeting) or may authorize another person or persons to vote for such stockholder by a proxy executed or transmitted in a manner permitted by the General Corporation Law of the State of Delaware by the stockholder or such stockholder's authorized agent and delivered (including by electronic transmission) to the Secretary of the corporation. No such proxy shall be voted upon after three years from the date of its execution, unless the proxy expressly provides for a longer period.

1.9 Action at Meeting. When a quorum is present at any meeting, any matter other than the election of directors to be voted upon by the stockholders at such meeting shall be decided by the vote of the holders of shares of stock having a majority in voting power of the votes cast by the holders of all of the shares of stock present or represented at the meeting and voting affirmatively or negatively on such matter (or if there are two or more classes or series of stock entitled to vote as separate classes, then in the case of each such class or series, the holders of a majority in voting power of the shares of stock of that class or series present or represented at the meeting and voting affirmatively or negatively on such matter), except when a different vote is required by law, the Certificate of Incorporation or these Bylaws. When a quorum is present at any meeting, any election by stockholders of directors shall be determined by a plurality of the votes cast by the stockholders entitled to vote on the election.

1.10 Nomination of Directors.

a. Except for (1) any directors entitled to be elected by the holders of preferred stock, (2) any directors elected in accordance with Section 2.9 hereof by the Board of Directors to fill vacancies or newly-created directorships or (3) as otherwise required by applicable law or stock exchange regulation, at any meeting of stockholders, only persons who are nominated in accordance with the procedures in this Section 1.10 shall be eligible for election as directors. Nomination for election to the Board of Directors at a meeting of stockholders may be made (i) by or at the direction of the Board of Directors or (ii) by any stockholder of the corporation who (x) timely complies with the notice procedures in Section 1.10(b), (y) is a stockholder of record on the date of the giving of such notice and on the record date for the determination of stockholders entitled to vote at such meeting and (z) is entitled to vote at such meeting.

b. To be timely, a stockholder's notice must be received in writing by the Secretary at the principal executive offices of the corporation as follows: (1) in the case of an election of directors at an annual meeting of stockholders, not less than 90 days nor more than 120 days prior to the first anniversary of the preceding year's annual meeting; provided, however, that (x) in the case of the annual meeting of stockholders of the corporation to be held in 2013 or (y) in the event that the date of the annual meeting in any other year is advanced by more than 20 days, or delayed by more than 60 days, from the first anniversary of the preceding year's annual meeting, a stockholder's notice must be so received not earlier than the 120th day prior to such annual meeting and not later than the close of business on the later of (A) the 90th day prior to such annual meeting and (B) the tenth day following the day on which notice of the date of such annual meeting was mailed or public disclosure of the date of such annual meeting was made, whichever first occurs; or (2) in the case of an election of directors at a special meeting of stockholders, provided that the Board of Directors, the Chairman of the Board or the Chief Executive Officer has determined, in accordance with Section 1.3, that directors shall be elected at such special meeting and provided further that the nomination made by the stockholder is for one of the director positions that the Board of Directors, the Chairman of the Board or the Chief Executive Officer, as the case may be, has determined will be filled at such special meeting, not earlier than the 120th day prior to such special meeting and not later than the close of business on the later of (x) the 90th day prior to such special meeting and (y) the tenth day following the day on which notice of the date of such special meeting was mailed or public disclosure of the date of such special meeting was made, whichever first occurs. In no event shall the adjournment or postponement of a meeting (or the public disclosure thereof) commence a new time period (or extend any time period) for the giving of a stockholder's notice.

The stockholder's notice to the Secretary shall set forth: (A) as to each proposed nominee (1) such person's name, age, business address and, if known, residence address, (2) such person's principal occupation or employment, (3) the class and series and number of shares of stock of the corporation that are, directly or indirectly, owned, beneficially or of record, by such person, (4) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among (x) the stockholder, the beneficial owner, if any, on whose behalf the nomination is being made and the respective affiliates and associates of, or others acting in

concert with, such stockholder and such beneficial owner, on the one hand, and (y) each proposed nominee, and his or her respective affiliates and associates, or others acting in concert with such nominee(s), on the other hand, including all information that would be required to be disclosed pursuant to Item 404 of Regulation S-K if the stockholder making the nomination and any beneficial owner on whose behalf the nomination is made or any affiliate or associate thereof or person acting in concert therewith were the "registrant" for purposes of such Item and the proposed nominee were a director or executive officer of such registrant, and (5) any other information concerning such person that must be disclosed as to nominees in proxy solicitations pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and (B) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination is being made (1) the name and address of such stockholder, as they appear on the corporation's books, and of such beneficial owner, (2) the class and series and number of shares of stock of the corporation that are, directly or indirectly, owned, beneficially or of record, by such stockholder and such beneficial owner, (3) a description of any agreement, arrangement or understanding between or among such stockholder and/or such beneficial owner and each proposed nominee and any other person or persons (including their names) pursuant to which the nomination(s) are being made or who may participate in the solicitation of proxies in favor of electing such nominee(s), (4) a description of any agreement, arrangement or understanding (including any derivative or short positions, swaps, profit interests, options, warrants, convertible securities, stock appreciation or similar rights, hedging transactions, and borrowed or loaned shares) that has been entered into by, or on behalf of, such stockholder or such beneficial owner, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, such stockholder or such beneficial owner with respect to shares of stock of the corporation, (5) any other information relating to such stockholder and such beneficial owner that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for the election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder, (6) a representation that such stockholder intends to appear in person or by proxy at the meeting to nominate the person(s) named in its notice and (7) a representation whether such stockholder and/or such beneficial owner intends or is part of a group that intends (x) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the corporation's outstanding capital stock reasonably believed by such stockholder or such beneficial owner to be sufficient to elect the nominee (and such representation shall be included in any such proxy statement and form of proxy) and/or (y) otherwise to proxies from stockholders in support of such nomination (and such representation shall be included in any such solicitation materials). Not later than 10 days after the record date for the meeting, the information required by items (A)(1)-(5) and (B)(1)-(5) of the prior sentence shall be supplemented by the stockholder giving the notice to provide updated information as of the record date. In addition, to be effective, the stockholder's notice must be accompanied by the written consent of the proposed nominee to serve as a director if elected. The corporation may require any proposed nominee to furnish such other information as the corporation may reasonably require to determine the eligibility of such proposed nominee to serve as a director of the corporation or whether such nominee would be independent under applicable Securities and Exchange Commission and stock exchange rules and the corporation's publicly disclosed corporate governance guidelines. A stockholder shall not have complied with this Section 1.10(b) if the stockholder (or beneficial owner, if any, on whose behalf the nomination is made) solicits or does not solicit, as the case may be, proxies in support of such stockholder's nominee in contravention of the representations with respect thereto required by this Section 1.10.

c. The chairman of any meeting shall have the power and duty to determine whether a nomination was made in accordance with the provisions of this Section 1.10 (including whether the stockholder or beneficial owner, if any, on whose behalf the nomination is made solicited (or is part of a group that solicited) or did not so solicit, as the case may be, proxies in support of such stockholder's nominee in compliance with the representations with respect thereto required by this Section 1.10), and if the chairman should determine that a nomination was not made in accordance with the provisions of this Section 1.10, the chairman shall so declare to the meeting and such nomination shall not be brought before the meeting.

d. Except as otherwise required by applicable law, nothing in this Section 1.10 shall obligate the corporation or the Board of Directors to include in any proxy statement or other stockholder communication distributed on behalf of the corporation or the Board of Directors information with respect to any nominee for director submitted by a stockholder.

e. Notwithstanding the foregoing provisions of this Section 1.10, unless otherwise required by law, if the stockholder (or a qualified representative of the stockholder) does not appear at the meeting to present a nomination, such nomination shall not be brought before the meeting, notwithstanding that proxies in respect of such nominee may have been received by the corporation. For purposes of this Section 1.10, to be considered a "qualified representative of the stockholder", a person must be authorized by a written instrument executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such written instrument or electronic transmission, or a reliable reproduction of the written instrument or electronic transmission, at the meeting of stockholders.

f. For purposes of this Section 1.10, "public disclosure" shall include disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

1.11 Notice of Business at Annual Meetings.

a. At any annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be (1) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (2) otherwise properly brought before the meeting by or at the direction of the Board of Directors, or (3) properly brought before the meeting by a stockholder. For business to be properly brought before an annual meeting by a stockholder, (i) if such business relates to the nomination of a person for election as a director of the corporation, the procedures in Section 1.10 must be complied with and (ii) if such business relates to any other matter, the business must constitute a proper matter under Delaware law for stockholder action and the stockholder must (x) have given timely notice thereof in writing to the Secretary in accordance with the procedures in Section 1.11(b), (y) be a stockholder of record on the date of the giving of such notice and on the record date for the determination of stockholders entitled to vote at such annual meeting and (z) be entitled to vote at such annual meeting.

b. To be timely, a stockholder's notice must be received in writing by the Secretary at the principal executive offices of the corporation not less than 90 days nor more than 120 days prior to the first anniversary of the preceding year's annual meeting; provided, however, that (1) in the case of the annual meeting of stockholders of the corporation to be held in 2013 or (2) in the event that the date of the annual meeting in any other year is advanced by more than 20 days, or delayed by more than 60 days, from the first anniversary of the preceding year's annual meeting, a stockholder's notice must be so received not earlier than the 120th day prior to such annual meeting and not later than the close of business on the later of (x) the 90th day prior to such annual meeting and (y) the tenth day following the day on which notice of the date of such annual meeting was mailed or public disclosure of the date of such annual meeting was made, whichever first occurs. In no event shall the adjournment or postponement of an annual meeting (or the public disclosure thereof) commence a new time period (or extend any time period) for the giving of a stockholder's notice.

The stockholder's notice to the Secretary shall set forth: (A) as to each matter the stockholder proposes to bring before the annual meeting (1) a brief description of the business desired to be brought before the annual meeting, (2) the text of the proposal (including the exact text of any resolutions proposed for consideration and, in the event that such business includes a proposal to amend the Bylaws, the exact text of the proposed amendment), and (3) the reasons for conducting such business at the annual meeting, and (B) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the proposal is being made (1) the name and address of such stockholder, as they appear on the corporation's books, and of such beneficial owner, (2) the class and series and number of shares of stock of the corporation that are, directly or indirectly, owned, beneficially or of record, by such stockholder and such beneficial owner, (3) a description of any material interest of such stockholder or such beneficial owner and the respective affiliates and associates of, or others acting in concert with, such stockholder or such beneficial owner in such business, (4) a description of any agreement, arrangement or understanding between or among such stockholder and/or such beneficial owner and any other person or persons (including their names) in connection with the proposal of such business or who may participate in the solicitation of proxies in favor of such proposal, (5) a description of any agreement, arrangement or understanding (including any derivative or short positions, swaps, profit interests, options, warrants, convertible securities, stock appreciation or similar rights, hedging transactions, and borrowed or loaned shares) that has been entered into by, or on behalf of, such stockholder or such beneficial owner, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, such stockholder or such beneficial owner with respect to shares of stock of the corporation, (6) any other information relating to such stockholder and such beneficial owner that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for the business proposed pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder, (7) a representation that such stockholder intends to appear in person or by proxy at the annual meeting to bring such business before the meeting and (8) a representation whether such stockholder and/or such beneficial owner intends or is part of a group that intends (x) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the corporation's outstanding capital stock required to approve or adopt the proposal (and such representation shall be included in any such proxy statement and form of proxy) and/or (y) otherwise to solicit proxies from stockholders in support of such proposal (and such representation shall be included in any such solicitation materials). Not later than 10 days after the record date for the meeting, the information required by Items (A)(3) and (B)(1)-(6) of the prior sentence shall be supplemented by the stockholder giving the notice to provide updated information as of the record date. Notwithstanding anything in these Bylaws to the contrary, no business shall be conducted at any annual meeting of stockholders except in accordance with the procedures in this Section 1.11; provided that any stockholder proposal that complies with Rule 14a-8 of the proxy rules (or any successor provision) promulgated under the Exchange Act and is to be included in the corporation's proxy statement for an annual meeting of stockholders shall be deemed to comply with the notice requirements of this Section 1.11. A stockholder shall not have complied with this Section 1.11(b) if the stockholder (or beneficial owner, if any, on whose behalf the proposal is made) solicits or does not solicit, as the case may be, proxies in support of such stockholder's proposal in contravention of the representations with respect thereto required by this Section 1.11.

c. The chairman of any annual meeting shall have the power and duty to determine whether business was properly brought before the annual meeting in accordance with the provisions of this Section 1.11 (including whether the stockholder or beneficial owner, if any, on whose behalf the proposal is made solicited (or is part of a group that solicited) or did not so solicit, as the case may be, proxies in support of such stockholder's proposal in compliance with the representation with respect thereto required by this Section 1.11), and if the chairman should determine that business was not properly brought before the annual meeting in accordance with the provisions of this Section 1.11, the chairman shall so declare to the meeting and such business shall not be brought before the annual meeting.

d. Except as otherwise required by law, nothing in this Section 1.11 shall obligate the corporation or the Board of Directors to include in any proxy statement or other stockholder communication distributed on behalf of the corporation or the Board of Directors information with respect to any proposal submitted by a stockholder.

e. Notwithstanding the foregoing provisions of this Section 1.11, unless otherwise required by applicable law, if the stockholder (or a qualified representative of the stockholder) does not appear at the annual meeting to present business, such business shall not be considered, notwithstanding that proxies in respect of such business may have been received by the corporation.

f. For purposes of this Section 1.11, the terms "qualified representative of the stockholder" and "public disclosure" shall have the same meaning as in Section 1.10.

1.12 Conduct of Meetings.

a. Unless otherwise provided by the Board of Directors, meetings of stockholders shall be presided over by the Chairman of the Board, if any, or in the Chairman's absence by the Vice Chairman of the Board, if any, or in the Vice Chairman's absence by the Chief Executive Officer, or in the Chief Executive Officer's absence by the President, or in the President's absence by a Vice President, or in the absence of all of the foregoing persons by a chairman designated by the Board of Directors. The Secretary shall act as secretary of the meeting, but in the Secretary's absence the chairman of the meeting may appoint any person to act as secretary of the meeting.

b. The Board of Directors may adopt by resolution such rules, regulations and procedures for the conduct of any meeting of stockholders of the corporation as it shall deem appropriate including, without limitation, such guidelines and procedures as it may deem appropriate regarding the participation by means of remote communication of stockholders and proxyholders not physically present at a meeting. Except to the extent inconsistent with such rules, regulations and procedures as adopted by the Board of Directors, the chairman of any meeting of stockholders shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the chairman of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders of record of the corporation, their duly authorized and constituted proxies or such other persons as shall be determined; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to questions or comments by participants. Unless and to the extent determined by the Board of Directors or the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

c. The chairman of the meeting shall announce at the meeting when the polls for each matter to be voted upon at the meeting will be opened and closed. After the polls close, no ballots, proxies or votes or any revocations or changes thereto may be accepted.

d. In advance of any meeting of stockholders, the Board of Directors, the Chairman of the Board, the Chief Executive Officer or the President shall appoint one or more inspectors of election to act at the meeting and make a written report thereof. One or more other persons may be designated as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is present, ready and willing to act at a meeting of stockholders, the chairman of the meeting shall appoint one or more inspectors to act at the meeting. Unless otherwise required by law, inspectors may be officers, employees or agents of the corporation. Each inspector, before entering upon the discharge of such inspector's duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of such inspector's ability. The inspector shall have the duties prescribed by law and shall take charge of the polls and, when the vote is completed, shall make a certificate of the result of the vote taken and of such other facts as may be required by law. Every vote taken by ballots shall be counted by a duly appointed inspector or duly appointed inspectors.

ARTICLE II - DIRECTORS

2.1 General Powers. The business and affairs of the corporation shall be managed by or under the direction of a Board of Directors, who may exercise all of the powers of the corporation except as otherwise provided by applicable law or the Certificate of Incorporation.

2.2 Number, Election and Qualification. Subject to the rights of holders of any series of Preferred Stock to elect directors, the number of directors of the corporation shall be established by the Board of Directors. Election of directors need not be by written ballot. Directors need not be stockholders of the corporation.

2.3 Chairman of the Board; Vice Chairman of the Board. The Board of Directors may appoint from its members a Chairman of the Board and a Vice Chairman of the Board, neither of whom need be an employee or officer of the corporation. If the Board of Directors appoints a Chairman of the Board, such Chairman shall perform such duties and possess such powers as are assigned by the Board of Directors and, if the Chairman of the Board is also designated as the corporation's Chief Executive Officer, shall have the powers and duties of the Chief Executive Officer prescribed in Section 3.7 of these Bylaws. If the Board of Directors appoints a Vice Chairman of the Board, such Vice Chairman shall perform such duties and possess such powers as are assigned by the Board of Directors or the Chairman of the Board. Unless otherwise provided by the Board of Directors, the Chairman of the Board or, in the Chairman's absence, the Vice Chairman of the Board, if any, shall preside at all meetings of the Board of Directors and stockholders.

2.4 Classes of Directors. Subject to the rights of holders of any series of Preferred Stock to elect directors, the Board of Directors consist of one class.

2.5 Terms of Office. Subject to the rights of holders of any series of Preferred Stock to elect directors, each director shall serve for a term ending on the date of the next annual meeting of stockholders following the annual meeting of stockholders at which such director was elected, provided that the term of each director shall continue until the election and qualification of his or her successor and be subject to his or her earlier death, resignation or removal.

2.6 Quorum. The greater of (a) a majority of the directors at any time in office and (b) one-third of the number of directors established by the Board of Directors pursuant to Section 2.2 of these Bylaws shall constitute a quorum of the Board of Directors. If at any meeting of the Board of Directors there shall be less than such a quorum, a majority of the directors present may adjourn the meeting from time to time without further notice other than announcement at the meeting, until a quorum shall be present.

2.7 Action at Meeting. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors, unless a greater number is required by law or by the Certificate of Incorporation.

2.8 Removal. Subject to the rights of holders of any series of Preferred Stock, directors of the corporation may be removed only for cause and only by the affirmative vote of the holders of at least two-thirds of the votes that all the stockholders would be entitled to cast in an election of directors or class of directors.

2.9 Vacancies. Subject to the rights of holders of any series of Preferred Stock, vacancies or newly-created directorships on the Board of Directors, however occurring, shall be filled only by vote of a majority of the directors then in office, although less than a quorum, or by a sole remaining director and shall not be filled by the stockholders. A director elected to fill a vacancy shall hold office for the term of such director's predecessor, and a director elected to fill a newly-created director position shall hold until the next annual meeting of stockholders, in each case subject to the election and qualification of a successor or until such director's earlier death, resignation or removal.

2.10 Resignation. Any director may resign by delivering a resignation in writing or by electronic transmission to the corporation at its principal office or to the Chairman of the Board, the Chief Executive Officer, the President or the Secretary. Such resignation shall be effective upon delivery unless it is specified to be effective at some later time or upon the happening of some later event.

2.11 Regular Meetings. Regular meetings of the Board of Directors may be held without notice at such time and place as shall be determined from time to time by the Board of Directors; provided that any director who is absent when such a determination is made shall be given notice of the determination. A regular meeting of the Board of Directors may be held without notice immediately after and at the same place as the annual meeting of stockholders.

2.12 Special Meetings. Special meetings of the Board of Directors may be held at any time and place designated in a call by the Chairman of the Board, the Chief Executive Officer, the President, two or more directors, or by one director in the event that there is only a single director in office.

2.13 Notice of Special Meetings. Notice of the date, place and time of any special meeting of directors shall be given to each director by the Secretary or by the officer or one of the directors calling the meeting. Notice shall be duly given to each director (a) in person or by telephone at least 24 hours in advance of the meeting, (b) by sending written notice by reputable overnight courier, telecopy, facsimile or electronic transmission, or delivering written notice by hand, to such director's last known business, home or electronic transmission address at least 48 hours in advance of the meeting, or (c) by sending written notice by first-class mail to such director's last known business or home address at least 72 hours in advance of the meeting. A notice or waiver of notice of a meeting of the Board of Directors need not specify the purposes of the meeting.

2.14 Meetings by Conference Communications Equipment. Directors may participate in meetings of the Board of Directors or any committee thereof by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation by such means shall constitute presence in person at such meeting.

2.15 Action by Consent. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board of Directors or committee, as the case may be, consent to the action in writing or by electronic transmission, and the written consents or electronic transmissions are filed with the minutes of proceedings of the Board of Directors or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

2.16 Committees. The Board of Directors may designate one or more committees, each committee to consist of one or more of the directors of the corporation with such lawfully delegable powers and duties as the Board of Directors thereby confers, to serve at the pleasure of the Board of Directors. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members of the committee present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board of Directors and subject to the provisions of law, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation and may authorize the seal of the corporation to be affixed to all papers that may require it. Each such committee shall keep minutes and make such reports as the Board of Directors may from time to time request. Except as the Board of Directors may otherwise determine, any committee may make rules for the conduct of its business, but unless otherwise provided by the directors or in such rules, its business shall be conducted as nearly as possible in the same manner as is provided in these Bylaws for the Board of Directors. Except as otherwise provided in the Certificate of Incorporation, these Bylaws, or the resolution of the Board of Directors designating the committee, a committee may create one or more subcommittees, each subcommittee to consist of one or more members of the committee, and delegate to a subcommittee any or all of the powers and authority of the committee.

2.17 Compensation of Directors. Directors may be paid such compensation for their services and such reimbursement for expenses of attendance at meetings as the Board of Directors may from time to time determine. No such payment shall preclude any director from serving the corporation or any of its parent or subsidiary entities in any other capacity and receiving compensation for such service.

ARTICLE III - OFFICERS

3.1 Titles. The officers of the corporation shall consist of a Chief Executive Officer, a President, a Secretary, a Treasurer and such other officers with such other titles as the Board of Directors shall determine, which may include one or more Vice Presidents, Assistant Treasurers and Assistant Secretaries. The Board of Directors may appoint such other officers as it may deem appropriate.

3.2 Election. The Chief Executive Officer, President, Treasurer and Secretary shall be elected annually by the Board of Directors at its first meeting following the annual meeting of stockholders. Other officers may be appointed by the Board of Directors at such meeting or at any other meeting.

3.3 Qualification. No officer need be a stockholder. Any two or more offices may be held by the same person.

3.4 Tenure. Except as otherwise provided by law, by the Certificate of Incorporation or by these Bylaws, each officer shall hold office until such officer's successor is elected and qualified, unless a different term is specified in the resolution electing or appointing such officer, or until such officer's earlier death, resignation or removal.

3.5 Resignation and Removal. Any officer may resign by delivering a written resignation to the corporation at its principal office or to the Chief Executive Officer, the President or the Secretary. Such resignation shall be effective upon receipt unless it is specified to be effective at some later time or upon the happening of some later event. Any officer may be removed at any time, with or without cause, by vote of a majority of the directors then in office. Except as the Board of Directors may otherwise determine, no officer who resigns or is removed shall have any right to any compensation as an officer for any period following such officer's resignation or removal, or any right to damages on account of such removal, whether such officer's compensation be by the month or by the year or otherwise, unless such compensation is expressly provided for in a duly authorized written agreement with the corporation.

3.6 Vacancies. The Board of Directors may fill any vacancy occurring in any office for any reason and may, in its discretion, leave unfilled for such period as it may determine any offices other than those of Chief Executive Officer, President, Treasurer and Secretary. Each such successor shall hold office for the unexpired term of such officer's predecessor and until a successor is elected and qualified, or until such officer's earlier death, resignation or removal.

3.7 President; Chief Executive Officer. Unless the Board of Directors has designated another person as the corporation's Chief Executive Officer, the President shall be the Chief Executive Officer of the corporation. The Chief Executive Officer shall have general charge and supervision of the business of the corporation subject to the direction of the Board of Directors, and shall perform all duties and have all powers that are commonly incident to the office of the chief executive or that are delegated to such officer by the Board of Directors. The President shall perform such other duties and shall have such other powers as the Board of Directors or the Chief Executive Officer (if the President is not the Chief Executive Officer) may from time to time prescribe. In the event of the absence, inability or refusal to act of the Chief Executive Officer or the President (if the President is not the Chief Executive Officer), the Vice President (or if there shall be more than one, the Vice Presidents in the order determined by the Board of Directors) shall perform the duties of the Chief Executive Officer and when so performing such duties shall have all the powers of and be subject to all the restrictions upon the Chief Executive Officer.

3.8 Vice Presidents. Each Vice President shall perform such duties and possess such powers as the Board of Directors or the Chief Executive Officer may from time to time prescribe. The Board of Directors may assign to any Vice President the title of Executive Vice President, Senior Vice President or any other title selected by the Board of Directors.

3.9 Secretary and Assistant Secretaries. The Secretary shall perform such duties and shall have such powers as the Board of Directors or the Chief Executive Officer may from time to time prescribe. In addition, the Secretary shall perform such duties and have such powers as are incident to the office of the secretary, including without limitation the duty and power to give notices of all meetings of stockholders and special meetings of the Board of Directors, to attend all meetings of stockholders and the Board of Directors and keep a record of the proceedings, to maintain a stock ledger and prepare lists of stockholders and their addresses as required, to be custodian of corporate records and the corporate seal and to affix and attest to the same on documents.Any Assistant Secretary shall perform such duties and possess such powers as the Board of Directors, the Chief Executive Officer or the Secretary may from time to time prescribe. In the event of the absence, inability or refusal to act of the Secretary, the Assistant Secretary (or if there shall be more than one, the Assistant Secretaries in the order determined by the Board of Directors) shall perform the duties and exercise the powers of the Secretary.In the absence of the Secretary or any Assistant Secretary at any meeting of stockholders or directors, the chairman of the meeting shall designate a temporary secretary to keep a record of the meeting.

3.10 Treasurer and Assistant Treasurers. The Treasurer shall perform such duties and shall have such powers as may from time to time be assigned by the Board of Directors or the Chief Executive Officer. In addition, the Treasurer shall perform such duties and have such powers as are incident to the office of treasurer, including without limitation the duty and power to keep and be responsible for all funds and securities of the corporation, to deposit funds of the corporation in depositories selected in accordance with these Bylaws, to disburse such funds as ordered by the Board of Directors, to make proper accounts of such funds, and to render as required by the Board of Directors statements of all such transactions and of the financial condition of the corporation.The Assistant Treasurers shall perform such duties and possess such powers as the Board of Directors, the Chief Executive Officer or the Treasurer may from time to time prescribe. In the event of the absence, inability or refusal to act of the Treasurer, the Assistant Treasurer (or if there shall be more than one, the Assistant Treasurers in the order determined by the Board of Directors) shall perform the duties and exercise the powers of the Treasurer.

3.11 Salaries. Officers of the corporation shall be entitled to such salaries, compensation or reimbursement as shall be fixed or allowed from time to time by the Board of Directors.

3.12 Delegation of Authority. The Board of Directors may from time to time delegate the powers or duties of any officer to any other officer or agent, notwithstanding any provision hereof.

ARTICLE IV - CAPITAL STOCK

4.1 Issuance of Stock. Subject to the provisions of the Certificate of Incorporation, the whole or any part of any unissued balance of the authorized capital stock of the corporation or the whole or any part of any shares of the authorized capital stock of the corporation held in the corporation's treasury may be issued, sold, transferred or otherwise disposed of by vote of the Board of Directors in such manner, for such lawful consideration and on such terms as the Board of Directors may determine.

4.2 Stock Certificates; Uncertificated Shares. The shares of the corporation may be held in certificated or uncertificated form. Every holder of stock of the corporation represented by certificates shall be entitled to have a certificate, in such form as may be prescribed by law and by the Board of Directors, representing the number and class of shares held by such holder in registered in certificate form. Each such certificate shall be signed in a manner that complies with Section 158 of the General Corporation Law of the State of Delaware.Each certificate for shares of stock that are subject to any restriction on transfer pursuant to the Certificate of Incorporation, these Bylaws, applicable securities laws or any agreement among any number of stockholders or among such holders and the corporation shall have conspicuously noted on the face or back of the certificate either the full text of the restriction or a statement of the existence of such restriction.If the corporation shall be authorized to issue more than one class of stock or more than one series of any class, the powers, designations, preferences and relative participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of each certificate representing shares of such class or series of stock, provided that in lieu of the foregoing requirements there may be set forth on the face or back of each certificate representing shares of such class or series of stock a statement that the corporation will furnish without charge to each stockholder who so requests a copy of the full text of the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.Within a reasonable time after the issuance or transfer of uncertificated shares, the corporation shall send to the registered owner thereof a written notice containing the information required to be set forth or stated on certificates pursuant to Sections 151, 202(a) or 218(a) of the General Corporation Law of the State of Delaware or, with respect to Section 151 of the General Corporation Law of the State of Delaware, a statement that the corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

4.3 Transfers. Shares of stock of the corporation shall be transferable in the manner prescribed by law and in these Bylaws. Transfers of shares of stock of the corporation shall be made only on the books of the corporation or by transfer agents designated to transfer shares of stock of the corporation. Subject to applicable law, shares of stock represented by certificates shall be transferred only on the books of the corporation by the surrender to the corporation or its transfer agent of the certificate representing such shares properly endorsed or accompanied by a written assignment or power of attorney properly executed, and with such proof of authority or the authenticity of signature as the corporation or its transfer agent may reasonably require. Except as may be otherwise required by law, by the Certificate of Incorporation or by these Bylaws, the corporation shall be entitled to treat the record holder of stock as shown on its books as the owner of such stock for all purposes, including the payment of dividends and the right to vote with respect to such stock, regardless of any transfer, pledge or other disposition of such stock until the shares have been transferred on the books of the corporation in accordance with the requirements of these Bylaws.

4.4 Lost, Stolen or Destroyed Certificates. The corporation shall issue a new certificate of stock in place of any previously issued certificate alleged to have been lost, stolen or destroyed, upon such terms and conditions as the Board of Directors may prescribe, including the presentation of reasonable evidence of such loss, theft or destruction and the giving of such indemnity and posting of such bond as the Board of Directors may require for the protection of the corporation or any transfer agent or registrar.

4.5 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 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 precede the date on which the resolution fixing the record date is adopted, and such record date shall not be more than 60 nor less than 10 days before the date of such 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. If no record date is fixed, 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.

4.6 Regulations. The issue, transfer, conversion and registration of shares of stock of the corporation shall be governed by such other regulations as the Board of Directors may establish.

ARTICLE V - GENERAL PROVISIONS

5.1 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 of each year and end on the last day of December in each year.

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

5.3 Waiver of Notice. Whenever notice is required to be given by law, by the Certificate of Incorporation or by these Bylaws, a written waiver signed by the person entitled to notice, or a waiver by electronic transmission by the person entitled to notice, whether given before, at or after the time of the event for which notice is to be given, shall be deemed equivalent to notice required to be given to such person. Neither the business nor the purpose of any meeting need be specified in any such waiver. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

5.4 Voting of Securities. Except as the Board of Directors may otherwise designate, the Chief Executive Officer, the President or the Treasurer may waive notice of, vote, or appoint any person or persons to vote, on behalf of the corporation at, 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 securityholders of any other entity, the securities of which may be held by this corporation.

5.5 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.

5.6 Certificate of Incorporation. All references in these Bylaws to the Certificate of Incorporation shall be deemed to refer to the Certificate of Incorporation of the corporation, as it may be amended and in effect from time to time.

5.7 Severability. Any determination that any provision of these Bylaws is for any reason inapplicable, illegal or ineffective shall not affect or invalidate any other provision of these Bylaws.

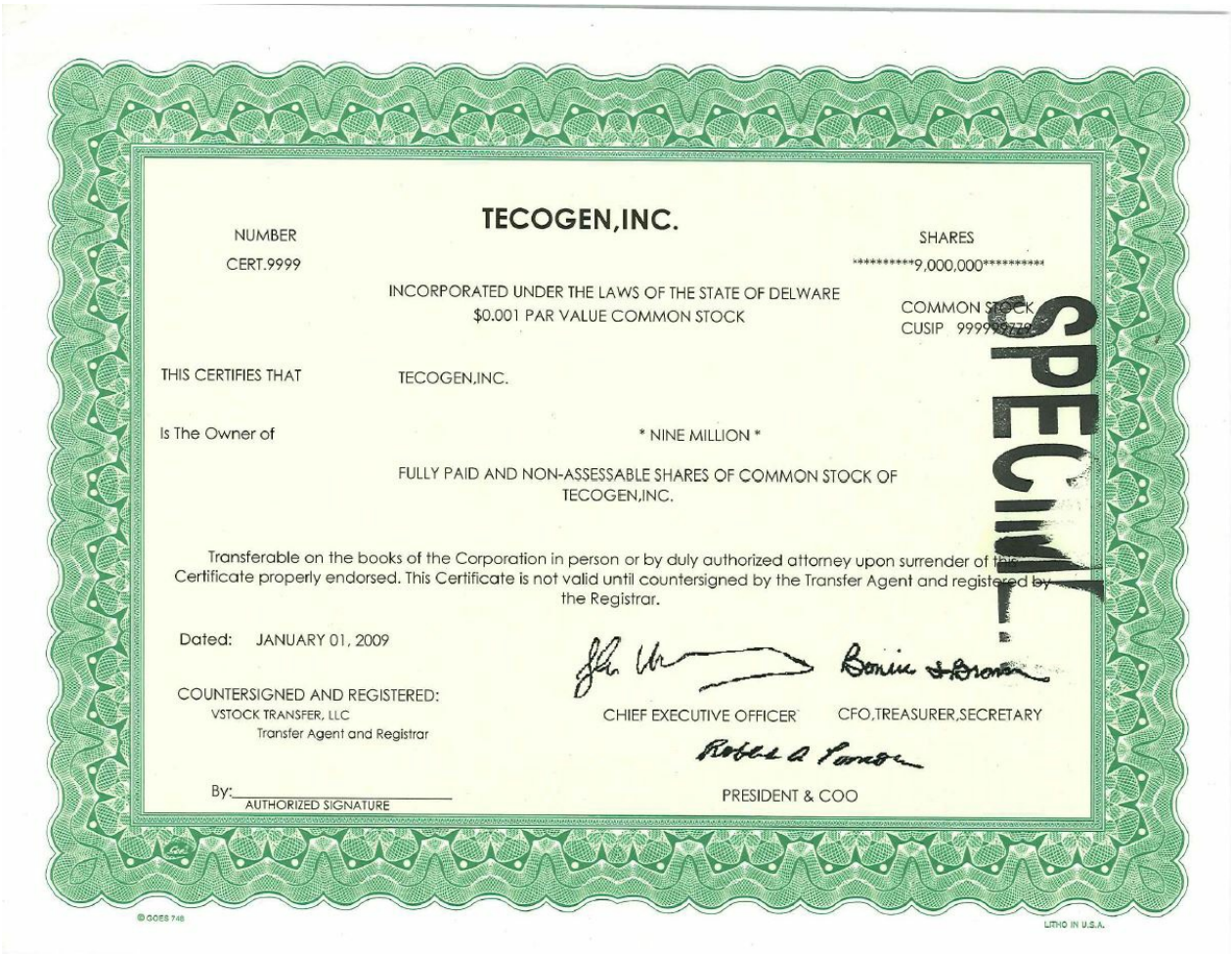
5.8 Pronouns. All pronouns used in these Bylaws shall be deemed to refer to the masculine, feminine or neuter, singular or plural, as the identity of the person or persons may require.

ARTICLE VI - AMENDMENTS

These Bylaws may be altered, amended or repealed, in whole or in part, or new Bylaws may be adopted by the Board of Directors or by the stockholders as provided in the Certificate of Incorporation.

Exhibit 4.1

Common Stock Specimen



TECOGEN,INC.

NUMBER
CERT.9999

SHARES
**********9,000,000**********

INCORPORATED UNDER THE LAWS OF THE STATE OF DELWARE
$0.001 PAR VALUE COMMON STOCK

COMMON STOCK
CUSIP 9999[illegible]

THIS CERTIFIES THAT TECOGEN,INC.

Is The Owner of * NINE MILLION *

FULLY PAID AND NON-ASSESSABLE SHARES OF COMMON STOCK OF TECOGEN,INC.

SPECIMEN

Transferable on the books of the Corporation in person or by duly authorized attorney upon surrender of this Certificate properly endorsed. This Certificate is not valid until countersigned by the Transfer Agent and registered by the Registrar.

Dated: JANUARY 01, 2009

COUNTERSIGNED AND REGISTERED:
VSTOCK TRANSFER, LLC
Transfer Agent and Registrar

By:_____
AUTHORIZED SIGNATURE

CHIEF EXECUTIVE OFFICER

CFO,TREASURER,SECRETARY

PRESIDENT & COO

© GOES 748

LITHO IN U.S.A.

Exhibit 4.3

FORM OF
Stock Option Agreement under
Tecogen Inc. 2006 Stock Incentive Plan

Tecogen Inc. (the "Company the Tecogen Inc. 2006 Stock Incentive Plan. The terms and conditions attached hereto are also a part hereof.

Name of optionee (the "Optionee"):
Date of this option grant:
Number of shares of the Company's Common Stock subject to this option ("Shares"):
Option exercise price per Share:
Number, if any, of Shares that may be purchased on or after the grant date:
Shares that are subject to vesting schedule:
Vesting Start Date:

Vesting Schedule: 25% of the Shares vest on the Vesting Start Date, and then an additional 25% of the Shares vest on each of the subsequent three anniversaries of the Vesting Start Date. In the event of an Acquisition, the Shares will vest in accordance with Section 3(b).

All vesting is dependent on the continuation of a Business Relationship with the Company, as provided herein.

The exercise price may be paid by the forms of payment specified in Section 7(a).

This option satisfies in full all commitments that the Company has to the Optionee with respect to the issuance of stock, stock options or other equity securities.

Tecogen Inc.

By:

John N. Hatsopoulos
Chief Executive Officer

Signature:

Name:

Address:

Stock Option Agreement
2006 Stock Incentive Plan

1. Grant Under Plan. This option is granted pursuant to and is governed by the Tecogen Inc. 2006 Stock Incentive Plan (the "Plan)

2. Grant as Non-Qualified Stock Option. This option is not intended to qualify as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended, and the regulations thereunder (the "Code")

3. Vesting of Option.

    a. Vesting if Business Relationship Continues. The Optionee may exercise this option on or after the date of this option grant for the number of shares of Common Stock, if any, set forth on the cover page hereof. If the Optionee has continuously maintained a Business Relationship (as defined below) with the Company through the dates listed on the vesting schedule set forth on the cover page hereof, the Optionee may exercise this option for the additional number of shares of Common Stock set opposite the applicable vesting date. Notwithstanding the foregoing, the Board may, in its discretion, accelerate the date that any installment of this option becomes exercisable. The foregoing rights are cumulative and may be exercised only before the date which is **five** years from the date of this option grant.

    b. 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.

    c. Definitions. The following definitions shall apply:

        Acquisition
        Business Relationship
        Private TransactionSecurities Act

4. Termination of Business Relationship.

    a. Termination. If the Optionee's Business Relationship with the Company ceases, voluntarily or involuntarily, with or without cause, no further installments of this option shall become exercisable, and this option shall expire (may no longer be exercised) after the passage of **30 days** from the date of termination, but in no event later than the scheduled expiration date. Any determination under this agreement as to the status of a Business Relationship or other matters referred to above shall be made in good faith by the Board.

    b. Employment Status. For purposes hereof, with respect to employees of the Company, employment shall not be considered as having terminated during any leave of absence if such leave of absence has been approved in writing by the Company and if such written approval contractually obligates the Company to continue the employment of the Optionee after the approved period of absence; in the event of such an approved leave of absence, vesting of this option shall be suspended (and the period of the leave of absence shall be added to all vesting dates) unless otherwise provided in the Company's written approval of the leave of absence. For purposes hereof, a termination of employment followed by another Business Relationship shall be deemed a termination of the Business Relationship with all vesting to cease unless the Company enters into a written agreement related to such other Business Relationship in which it is specifically stated that there is no termination of the Business Relationship under this agreement. This option shall not be affected by any change of employment within or among the Company and its Subsidiaries so long as the Optionee continuously remains an employee of the Company or any Subsidiary.

5. Death; Disability.

    a. Death. Upon the death of the Optionee while the Optionee is maintaining a Business Relationship with the Company, this option may be exercised, to the extent otherwise exercisable on the date of the Optionee's death, by the Optionee's estate, personal representative or beneficiary to whom this option has been transferred pursuant to Section 10, only at any time within 12 months after the date of death, but not later than the scheduled expiration date.

    b. Disability. If the Optionee ceases to maintain a Business Relationship with the Company by reason of his or her disability, this option may be exercised, to the extent otherwise exercisable on the date of cessation of the Business Relationship, only at any time within 12 months after such cessation of the Business Relationship, but not later than the scheduled expiration date. For purposes hereof, "disabilitypermanent and total disability

6. Partial Exercise. This option may be exercised in part at any time and from time to time within the above limits, except that this option may not be exercised for a fraction of a share.

7. Payment of Exercise Price.

    a. Payment Options. The exercise price shall be paid by one or any combination of the following forms of payment that are applicable to this option, as indicated on the cover page hereof:

        i. by check payable to the order of the Company; or

        ii. provided that the Company's Common Stock is then listed on a securities exchange, including the Nasdaq Global Market, or on the Over-the-Counter Bulletin Board, 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 by the Optionee 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;

8. Securities Laws Restrictions on Resale. Until registered under the Securities Act, the Shares will be illiquid and will be deemed to be "restricted securities" for purposes of the Securities Act. Accordingly, such shares must be sold in compliance with the registration requirements of the Securities Act or an exemption therefrom and may need to be held indefinitely. Unless the Shares have been registered under the Securities Act, each certificate evidencing any of the Shares shall bear a restrictive legend specified by the Company.

9. Method of Exercising Option. Subject to the terms and conditions of this agreement, this option may be exercised by written notice to the Company at its principal executive office, or to such transfer agent as the Company shall designate. Such notice shall state the election to exercise this option and the number of Shares for which it is being exercised and shall be signed by the person or persons so exercising this option. Such notice shall be accompanied by payment of the full purchase price of such shares, and the Company shall deliver a certificate or certificates representing such shares as soon as practicable after the notice shall be received. Such certificate or certificates shall be registered in the name of the person or persons so exercising this option (or, if this option shall be exercised by the Optionee and if the Optionee shall so request in the notice exercising this option, shall be registered in the name of the Optionee and another person jointly, with right of survivorship). In the event this option shall be exercised, pursuant to Section 5 hereof, by any person or persons other than the Optionee, such notice shall be accompanied by appropriate proof of the right of such person or persons to exercise this option.

10. Option Not Transferable. This option is not transferable or assignable except by will or by the laws of descent and distribution. During the Optionee's lifetime only the Optionee can exercise this option.

11. No Obligation to Exercise Option. The grant and acceptance of this option imposes no obligation on the Optionee to exercise it.

12. No Obligation to Continue Business Relationship. Neither the Plan, this agreement, nor the grant of this option imposes any obligation on the Company to continue the Optionee in employment or other Business Relationship.

13. Adjustments. Except as is expressly provided in the Plan with respect to certain changes in the capitalization of the Company, no adjustment shall be made for dividends or similar rights for which the record date is prior to such date of exercise.

14. Withholding Taxes. If the Company in its discretion determines that it is obligated to withhold any tax in connection with the exercise of this option, or in connection with the transfer of, or the lapse of restrictions on, any Common Stock or other property acquired pursuant to this option, the Optionee hereby agrees that the Company may withhold from the Optionee's wages or other remuneration the appropriate amount of tax. At the discretion of the Company, the amount required to be withheld may be withheld in cash from such wages or other remuneration or in kind from the Common Stock or other property otherwise deliverable to the Optionee on exercise of this option. The Optionee further agrees that, if the Company does not withhold an amount from the Optionee's wages or other remuneration sufficient to satisfy the withholding obligation of the Company, the Optionee will make reimbursement on demand, in cash, for the amount underwithheld.

15. Lock-up Agreement. The Optionee agrees that in the event that the Company effects an initial underwritten public offering of Common Stock registered under the Securities Act, the Shares may not be sold, offered for sale or otherwise disposed of, directly or indirectly, without the prior written consent of the managing underwriter(s) of the offering, for such period of time after the execution of an underwriting agreement in connection with such offering that all of the Company's then directors and executive officers agree to be similarly bound.

16. Arbitration. Any dispute, controversy, or claim arising out of, in connection with, or relating to the performance of this agreement or its termination shall be settled by arbitration in Boston, Massachusetts, pursuant to the rules then obtaining of the American Arbitration Association. Any award shall be final, binding and conclusive upon the parties and a judgment rendered thereon may be entered in any court having jurisdiction thereof.

17. Provision of Documentation to Optionee. By signing this agreement the Optionee acknowledges receipt of a copy of this agreement and a copy of the Plan.

18. Miscellaneous.

    a. Notices. All notices hereunder shall be in writing and shall be deemed given when sent by mail, if to the Optionee, to the address set forth below or at the address shown on the records of the Company, and if to the Company, to the Company's principal executive offices, attention of the Corporate Secretary.

    b. Entire Agreement; Modification. This agreement constitutes the entire agreement between the parties relative to the subject matter hereof, and supersedes all proposals, written or oral, and all other communications between the parties relating to the subject matter of this agreement. This agreement may be modified, amended or rescinded only by a written agreement executed by both parties.

    c. Fractional Shares. If this option becomes exercisable for a fraction of a share because of the adjustment provisions contained in the Plan, such fraction shall be rounded down.

    d. Issuances of Securities; Changes in Capital Structure. Except as expressly provided herein or in the Plan, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares subject to this option. No adjustments need be made for dividends paid in cash or in property other than securities of the Company. If there shall be any change in the Common Stock of the Company through merger, consolidation, reorganization, recapitalization, stock dividend, stock split, combination or exchange of shares, spin-off, split-up or other similar change in capitalization or event, the restrictions contained in this agreement shall apply with equal force to additional and/or substitute securities, if any, received by the Optionee in exchange for, or by virtue of his or her ownership of, Shares, except as otherwise determined by the Board.

    e. Severability. The invalidity, illegality or unenforceability of any provision of this agreement shall in no way affect the validity, legality or enforceability of any other provision.

    f. Successors and Assigns. This agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, subject to the limitations set forth in Section 10 hereof.

    g. Governing Law. This agreement shall be governed by and interpreted in accordance with the laws of the State of Delaware, without giving effect to the principles of the conflicts of laws thereof.

TECOGEN INC.
2006 STOCK INCENTIVE PLAN
(As Amended On November 10, 2011)

1. Purpose 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. Adminstration 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.

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.

Portions of this exhibit were omitted and filed separately with the Secretary of the Securities and Exchange Commission pursuant to an application for confidential treatment filed with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934.
Such portions are marked by [****].

EXHIBIT 10.3

FACILITIES AND SUPPORT SERVICES AGREEMENT

THIS FACILITIES AND SUPPORT SERVICES AGREEMENT is effective as of July 1, 2012 between Tecogen Inc., a Delaware corporation ("Tecogen"), and American DG Energy Inc., a Delaware corporation ("ADG Energy").

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. Office and Infrastructure

Tecogen will provide to ADG Energy the following office and infrastructure support services for a period from the effective date of this Agreement, which is January 1, 2012; through the Termination Date (as such term is defined in Section 2 below):

(a) Office Space. Approximately 3,071 allocated square feet of space in Tecogen's offices located at 45 First Avenue, Waltham, Massachusetts 02451 (the "Building"), which shall include six (6) offices, a shared conference room and manufacturing space. Tecogen will also provide ADG Energy with water, sewer, electrical, and other utility services, heating, ventilation and air-conditioning, and cleaning and janitorial services. Tecogen may change the space in the Building occupied by ADG Energy from time to time during the term of this Agreement. Tecogen will provide such space and services at a flat rate of $5,053.00 per month through December 31, 2012. If additional space is provided, this flat fee will increase at an agreed upon rate. Copy machine usage, office supplies, and shipping, secretarial & receptionist services, Internet service, telephone support and IT support are not included in the monthly rate and will be billed separately.

(b) Personnel Support. Tecogen or ADG Energy will provide services to each other, on an as-available basis, accounting, tax, treasury and financial services, information systems services, human resource services, secretarial and such other services and support as Tecogen or ADG Energy may request. Tecogen or ADG Energy will be allocated the cost of such services at a rate equal to the individual's base salary times **[****]** for each employee or consultant assigned, but Tecogen or ADG Energy will only be required to pay for such personnel while they are working on Tecogen or ADG Energy's behalf. ADG Energy shall record the time spent by such personnel on a spreadsheet and Tecogen shall record the time spent on a time-card system but in either case the hours spent should get pre-approved by management before any work starts.

(c) Insurance and Employee Benefit Plans. To the extent it is able to do under its then current plans and policies, Tecogen will include ADG Energy as a covered entity under its liability, property and casualty, workers compensation and other applicable business insurance policies. The costs of these insurance programs will be charged to ADG Energy on an actual cost basis when available, or in the case of general insurance be allocated to ADG Energy for it's pro rata share of the premiums. Management of the plans will be carried out jointly by both companies and with no charge to each other.

(d) Product Pricing for Turnkeys and ADG energy Projects: Tecogen agrees to sell products (cogen and chillers) at its best dealer pricing, **[****]** times list price. For the purposes of this calculation, Tecogen's current *SELECT*□ pricing software revision shall be used for standard models and listed options. Special options shall be negotiated on a case-by-case basis.

(e) Spares Pricing: Spare parts shall be sold at our best contractor/dealer discount which is **[****]** times list price.

(f) Volume Discounts: Upon achieving $1M in total sales under the terms included in this agreement for a single year (combined parts and units) all parts and modules thereafter shall be supplied at a further 10% discount, i.e., **[****]** times list for modules and **[****]** for spares. Total sales dollars shall be the combined total of ADG Energy and ADG Energy LLC. Purchases made by AES NJ shall not be credited to the total, however.

(g) Exclusivity: ADG Energy shall be granted exclusive representation rights to the Tecogen Cogeneration Product in the New England States. The relevant portions of Tecogen's standard rep agreement shall apply except where in conflict with this agreement. ADG Energy will be eligible for split commissions for cogeneration and chiller products as presented in Tecogen's standard rep agreement.

(h) Sourcing of Spares: Except in exceptional circumstances (such as ADG Energy LLC), ADG Energy agrees to procure all parts for Tecogen modules from Tecogen.

(i) Service: Base service rates for all ADG Energy units contracted to Tecogen will be at best dealer pricing, calculated by Tecogen's standard Cogen maintenance cost calculator, which includes a **[****]** discount for ADG Energy contracts. Service contracts will be held for a period of 5 years, the rate shall remain fixed for the first two years of the service contract and the rate shall escalate annually at a rate of CPI-U "All Urban Consumers, U.S. City Average" index for the remaining 3 years, unless otherwise agreed upon in the individual contract terms. Service for chillers will be at best dealer pricing. Used units shall be priced at the same rate after rehabilitation costs are settled. Tecogen shall bill ADG Energy for contracts on a monthly basis and therefore without any pre-billing. All existing service contracts shall remain in effect until the predetermined expiration date occurs. The baseline cost established in the maintenance cost calculators may be adjusted at the first of every year. Tecogen will notify ADG Energy 30 days prior to putting revised pricing into effect.

(j) Service Commission: ADG Energy shall receive a **[****]** commission on the first years' service cost for all new service sales it sells to end customers based on the prices presented in (i) above (par). ADG Energy and Tecogen will share **[****]** on the first year's profit for amounts above par. No commission will be paid if sales prices are below par. Tecogen shall approve all end customer service agreements.

(k) Billable Service: Billable service provided by Tecogen shall be billed at the standard rates less **[****]**; currently, straight time is [**]. Overtime service shall be billed at **[****]** and covers hours worked where Tecogen is obligated to pay its employees at the overtime rate. Double-time service shall be billed at **[****]** and covers hours worked where Tecogen is obligated to pay its employees at the double-time rate. Standard labor rates for labor performed between May 1st and September 31st will be billed at a premium of **[****]**. Parts shall be billed at the pricing levels established above. Mileage is currently charged at $1.00/mile and will be charged at the rate currently in effect at the time the work is performed.

(l) Non-exclusive Territories: For other territories and products ADG Energy shall have non-exclusive rep status.

(m) Payments. All payments shall be paid no later than thirty (30) days following the date of invoice.

2. Term

The term of this agreement commenced as of the effective date for one year, renewable annually upon mutual written agreement.

3. Representations and warranties of ADG

Tecogen represents and warrants to ADG Energy as follows, in each case as of the Effective Date:

(a) Organization and Corporate Power. Tecogen is a corporation duly organized, validly existing and in good standing under the laws of Delaware, and is duly qualified or registered to do business and is in good standing as a foreign corporation in each jurisdiction in which the failure to be so qualified would have a material adverse effect on Tecogen. Tecogen has all required corporate power and authority to carry on its business as presently conducted, to enter into and perform this Agreement and to carry out the transactions contemplated by this Agreement.

(b) Authority and Non-Contravention. Tecogen has full right, authority and power under its Certificate of Incorporation and By-Laws to enter into this Agreement and to carry out the transactions contemplated by this Agreement, and the execution, delivery and performance by Tecogen of this Agreement have been duly authorized by all necessary action under Tecogen's Certificate of Incorporation and By-Laws. This Agreement constitutes the valid and binding obligation of Tecogen enforceable in accordance with its terms, except (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally or by equitable principles, (b) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies and (c) to the extent that the enforceability of the indemnification provisions in this Agreement may be limited by applicable law.

4. Representations And Warranties Of ADG Energy

In order to induce Tecogen to enter into this Agreement and to consummate the transactions contemplated by this Agreement, ADG Energy makes to Tecogen the representations and warranties contained in this Section 4, in each case as of the date of this Agreement.

(a) Organization and Corporate Power. ADG Energy is a corporation duly organized, validly existing and in good standing under the laws of Delaware, and is duly qualified or registered to do business and is in good standing as a foreign corporation in each jurisdiction in which the failure to be so qualified would have a material adverse effect on ADG Energy. ADG Energy has all required corporate power and authority to carry on its business as presently conducted, to enter into and perform this Agreement and to carry out the transactions contemplated by this Agreement.

(b) Authority and Non-Contravention. ADG Energy has full right, authority and power under its Certificate of Incorporation and By-Laws to enter into this Agreement and to carry out the transactions contemplated by this Agreement, and the execution, delivery and performance by ADG Energy of this Agreement have been duly authorized by all necessary action under ADG Energy's Certificate of Incorporation and By-Laws. This Agreement constitutes the valid and binding obligation of ADG Energy enforceable in accordance with its terms, except (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally or by equitable principles, (b) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies and (c) to the extent that the enforceability of the indemnification provisions in this Agreement may be limited by applicable law.

5. General

(a) Independent Entities. Nothing in this Agreement shall be construed to constitute Tecogen and ADG Energy as a partner, franchisee, or agent of one another, nor shall either party have any authority to bind the other in any respect. Neither party has the power to make contracts in the name of the other, or to incur any liabilities whatsoever in the name of the other. Each party shall remain an independent contractor responsible only for its own actions.

(b) Confidentiality. Unless otherwise expressly provided for in this Agreement, both parties shall treat any information provided by or obtained from the other as proprietary or confidential and shall not disclose any such confidential information to any third party during the term of this Agreement or for a period of five (5) years thereafter, except for information which (i) at the time of disclosure, was published, known publicly or otherwise in the public

domain; (ii) after disclosure, is published, becomes known publicly or otherwise becomes part of the public domain through no fault of the receiving party; (iii) prior to the time of disclosure, is known to the receiving party as evidenced by its written records and is not then subject to an obligation of confidentiality to any third party; and (iv) after disclosure, is made available to the receiving party in good faith by a third party under no obligation of confidentiality and without restriction on its further disclosure by the receiving party. Notwithstanding the preceding sentence, either party may disclose confidential information of the other and this Agreement to their legal representatives and employees and advisers to the extent such disclosure is reasonably necessary to achieve the purposes of this Agreement; or in connection with the filing and support of patent applications; or as required by law or to comply with applicable governmental regulations or court order; provided that if a party is required to make such disclosure of the other party's confidential information, other than pursuant to a confidentiality agreement, it will give reasonable advance notice to the other party of such disclosure and, save to the extent inappropriate in the case of patent applications, will use its reasonable best efforts to secure confidential treatment of such information in consultation with the other party prior to its disclosure and disclose only the minimum necessary to comply with such requirements.

(c) Amendments, Waivers and Consents. No provision of this Agreement may be waived otherwise than by a written instrument signed by the party or parties so waiving such covenant or other provision. No amendment to this Agreement may be made without the written consent of ADG Energy and Tecogen.

(d) Governing Law. This Agreement shall be deemed to be a contract made under, and shall be construed in accordance with, the laws of the Commonwealth of Massachusetts, without giving effect to conflict of laws principles thereof.

(e) Counterparts. This Agreement may be executed in multiple counterparts, each of which shall constitute one and the same instrument. One or more counterparts of this Agreement may be delivered via telecopy, with the intention that they shall have the same effect as an original counterpart hereof.

(f) Notices and Demands. Any notice or demand which is required or provided to be given under this Agreement shall be deemed to have been sufficiently given and received for all purposes when delivered by hand, telecopy, telex or other method of facsimile, or five (5) business days after being sent by certified or registered mail, postage and charges prepaid, return receipt requested, or two (2) business days after being sent by overnight delivery providing receipt of delivery:

(i) if to Tecogen Inc., 45 First Avenue, Waltham, Massachusetts 02451, Attention: President.

(ii) if to American DG Energy Inc., 45 First Avenue, Waltham, Massachusetts 02451, Attention: President.

(g) Dispute Resolution

(i) All disputes, claims, or controversies arising out of or relating to this Agreement or the negotiation, validity or performance of this Agreement or the transactions contemplated by this Agreement 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 operations, 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.

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.

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 a valid order of the arbitrators issued in accordance with this Section 5(g)(i) shall be liable for costs and expenses, including attorneys' fees, incurred by the other party in enforcing the order. Nothing in this Section 5(g)(i) 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 5(g)(i) shall be enforceable in any court of competent jurisdiction.

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.

(ii) 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 courts of the Commonwealth of Massachusetts for the purposes of enforcing the arbitration provisions of Section 5(g)(i) 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.

(h) Assignment. The rights and obligations of the parties under this Agreement may not be assigned or transferred in any manner without the prior express written approval of the other party.

IN WITNESS WHEREOF, the parties hereto have caused this Facilities and Support Services Agreement to be duly executed and delivered by their proper and duly authorized representatives as of the effective day first above written.

Dated: July 1, 2012

TECOGEN INC.	AMERICAN DG ENERGY INC.
By: /s/ Bonnie J. Brown	By: /s/ Anthony S. Loumidis
Name: Bonnie J. Brown	Name: Anthony S. Loumidis
Title: Chief Financial Officer	Title: Chief Financial Officer

Exhibit 10.4

FIRST AMENDMENT TO THE
FACILITIES, SUPPORT SERVICES, AND BUSINESS AGREEMENT

THIS FIRST AMENDMENT TO THE FACILITIES, SUPPORT SERVICES AND BUSINESS AGREEMENT dated as of July 1, 2013 (this "Amendment") between Tecogen Inc., a Delaware corporation ("Tecogen"), and American DG Energy Inc., a Delaware corporation ("ADG Energy").

WHEREAS, Tecogen and ADG Energy are parties to a Facilities, Support Services and Business Agreement, dated July 1, 2013 (the "Agreement");

WHEREAS, Section 2 of the Agreement provides that the term of the Agreement will expire one year from July 1, 2013 and that the Agreement is renewable annually upon mutual written agreement.

WHEREAS, Tecogen and ADG Energy wish to renew the Agreement for a period of one year; and

WHEREAS, Tecogen and ADG Energy wish to amend the Agreement as further provided in this Amendment.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. Renewal. That the Agreement be, and hereby is, renewed for a period of one year beginning on July 1, 2013.

2. Section 1(a) of the Agreement is hereby replaced in its entirety to read as follows:

(a) Office Space. Approximately 3,282 allocated square feet of space in Tecogen's offices located at 45 First Avenue, Waltham, Massachusetts 02451 (the "Building"), which shall include nine (9) offices, a shared conference room and manufacturing space. Tecogen will also provide ADG Energy with water, sewer, electrical, and other utility services, heating, ventilation and air-conditioning, and cleaning and janitorial services. Tecogen may change the space in the Building occupied by ADG Energy from time to time during the term of this Agreement. Tecogen will provide such space and services at a flat rate of $6,495.00 per month through December 31, 2013. If additional space is provided, this flat fee will increase at an agreed upon rate. Copy machine usage, office supplies, and shipping, secretarial & receptionist services, Internet service, telephone support and IT support are not included in the monthly rate and will be billed separately.

3. The word "calendar" is hereby inserted immediately prior to the word "year" in the first sentence of Section 1(f) of the Agreement.

4. The following sentence is hereby inserted as the last sentence of Section 1(g) of the Agreement: Representation rights may be terminated by either party upon 60 days' notice, without cause.

5. This Amendment shall be effective as of the day and year first above written. Except as amended hereby, and as so amended, the Agreement shall remain in full force and effect and shall be otherwise unaffected hereby.

6. This Amendment shall be deemed to be a contract made under, and shall be construed in accordance with, the laws of the Commonwealth of Massachusetts, without giving effect to conflict of laws principles thereof.

7. This Amendment may be executed in separate counterparts, each of such counterparts shall for all purposes be deemed to be an original and all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Facilities and Support Services Agreement to be duly executed and delivered by their proper and duly authorized representatives as of the effective day first above written.

TECOGEN INC.

By: /s/ Bonnie J. Brown
Name: Bonnie J. Brown
Title: Chief Financial Officer

AMERICAN DG ENERGY INC.

By: /s/ Anthony S. Loumidis
Name: Anthony S. Loumidis
Title: Chief Financial Officer

SECOND AMENDMENT TO THE FACILITIES, SUPPORT SERVICES, AND BUSINESS AGREEMENT

THIS SECOND AMENDMENT TO THE FACILITIES, SUPPORT SERVICES AND BUSINESS AGREEMENT dated as of November 12, 2013 (this "Amendment") between Tecogen Inc., a Delaware corporation ("Tecogen"), and American DG Energy Inc., a Delaware corporation ("ADG Energy").

WHEREAS, Tecogen and ADG Energy are parties to a Facilities, Support Services and Business Agreement, dated July 1, 2012 (the "Agreement");

WHEREAS, Section 1(g) of the Agreement provides that ADG Energy shall be granted exclusive representation rights to the Tecogen Cogeneration Product in the New England States;

WHEREAS, Tecogen and ADG Energy wish to amend the agreement to allow Tecogen to appoint additional representation in the New England States;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. Section 1(g) of the Agreement is hereby replaced in its entirety to read as follows:

(g) **Exclusivity**: In the New England States American DG Energy shall have the right to purchase Cogeneration products directly from Tecogen as described in the agreement so long as the American DG Energy's intended use is to retain long-term ownership of the Cogeneration product and utilize it for the production and sale of electricity and thermal energy (i.e., ADG Energy "Onsite" energy projects). Tecogen will not sell its products to parties for which the intended use is to earn revenue from metered energy to third parties (i.e., ADG Energy "On-Site Utility" energy projects) other than to ADG Energy. In cases where ADG Energy has the opportunity to sell Cogeneration products to an unaffiliated party in the New England States and where Tecogen has no other appointed representation in that specific region, ADG Energy may buy/resell the Cogeneration product as specified under the terms of this agreement. If, however, Tecogen has appointed a local exclusive representative in that specific New England region, ADG Energy will defer to the local representative for pricing and other specific details for working cooperatively.

IN WITNESS WHEREOF, the parties hereto have caused this Facilities and Support Services Agreement to be duly executed and delivered by their proper and duly authorized representatives as of the effective day first above written.

TECOGEN INC. **AMERICAN DG ENERGY INC.**

By: /s/ Bonnie J. Brown_____ By: /s/ Jesse Herrick_____
Name: Bonnie J. Brown Name: Jesse Herrick
Title: Chief Financial Officer Title: Chief Financial Officer

EXHIBIT 10.6

GENERAL MOTORS LLC
CUSTOMER CARE AND AFTERSALES AGREEMENT
NOVEMBER 22, 2012

PURPOSE OF AGREEMENT

In reliance on the ability of MIS Account to meet and perform the requirements of this Agreement, GM is willing to designate MIS Account as a Marine, Industrial & Special Sales Account. MIS Account, in reliance upon the opportunity provided to it by GM, will comply with the conditions set forth in this Agreement relating to its operation as a Marine, Industrial & Special Sales Account.

In consideration of the foregoing, and of the promises hereinafter made by the Parties to each other, it is agreed as follows:

I. DEFINITIONS

As used in this Agreement, the following terms shall have the following definitions:

"Customers(s)" shall mean any customer(s) of General Motors, its subsidiaries, affiliates, or divisions or Dealers.

"MIS Account" shall mean the Marine, Industrial & Special Sales Account, which is a Party to this Agreement.

"Add(ed) Value" shall mean GM MIS Account must “add value’ to GM Parts. "Added Value" is generally referred to as fuel, spark, accessory drive, coolant, etc. GM will have discretion of approved "added value."

“Parts" shall mean the GM parts, assemblies or kits which MIS Account is authorized to purchase from GM and to sell to authorized customers pursuant to this Agreement.

"Part Number" shall mean a number used by GM to identify each Part.

"GM" shall mean Customer Care and Aftersales, a unit of General Motors LLC.

"GM Terms of Sale Bulletin" shall mean the document furnished to MIS Account, which may be supplemented, amended, or replaced by GM from time to time by a new Terms of Sale Bulletin, or by change notices, new account letters, or Billing Schedules issued by GM, setting forth the terms of sale that apply to sales by GM of Parts to MIS Account.

“New Defective" shall mean the parts purchased under this Agreement will (a) be free from defects in materials or workmanship and (b) conform to GM approved specifications as-manufactured.

"Stock Order" (also known as a DRO order) shall mean the order type recommended to replenish and reduce out of stock occurrences. Parts will be shipped the normal mode of transportation.

"Emergency Order" (also known as a CSO—Customer Special Order) shall mean order type designed to provide expedited service for a part ordered to satisfy a customer need.

"Overnight Emergency Order" (also known as a CSO-3) shall mean the order type recommended for immediate shipment to the customer. Order type NOT intended to be used as an inventory replenishment order. Parts that are not available for overnight shipment will be cancelled (order).

II. APPOINTMENT AS AN MARINE, INDUSTRIAL & SPECIAL SALES ACCOUNT

GM hereby appoints MIS Account as a Marine, Industrial & Special Sales Account. MIS Account hereby accepts such appointment and agrees to conduct itself according to the provisions of this Agreement and the applicable Terms of Sale Bulletin.

III. MIS ACCOUNT OWNERSHIP

GM enters into the Marine, Industrial & Special Sales Account Agreement in reliance on the qualifications of the Owner(s) identified in the MIS Account Statement of Ownership, a copy of which is attached hereto as Exhibit A and made a part hereof delivered to GM as of the date hereof GM and MIS Account agree each Owner will continue to own, both of record and beneficially, the percentage stated in the MIS Account Statement of Ownership, unless (a) change is made in accordance with Section VII of these Standard Provisions, or (b) MIS Account is a publicly traded corporation.

IV. RESPONSIBILITIES OF MIS ACCOUNT

A. Limitation on Purchase and Sale

GM has appointed MIS Account as a MIS customer based on the information provided in the Questionnaire, attached as Exhibit B. MIS Account understands that this Agreement is limited to the purchase of Parts approved by GM and to the customers authorized by GM as reflected on Exhibit B, as may be modified from time to time in GM's sole discretion. Sales of Parts not approved by GM, or sale of Parts to customers not authorized by GM are subject to discount chargeback and, in GM's sole discretion, the immediate termination of this Agreement and elimination of MIS Account as a GM customer.

B. Returns

Under this agreement, there will be NO returns allowed.

The only exceptions: GM shipping error, New Defective, or damaged Parts. These situations will require filed claims to GM within 30 days of shipment.

C. Warranty

UNLESS OTHERWISE STIPULATED IN WRITING, PARTS ARE SOLD "AS IS." ALL SALES ARE FINAL. PARTS MAY NOT BE RETURNED TO GM EXCEPT AS PROVIDED ABOVE.

EXCEPT AS OTHERWISE PROVIDED BY LAW, NO WARRANTIES, EXPRESS OR IMPLIED, APPLY TO PARTS. THERE ARE NO WARRANTIES OR LIABILITIES, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS F OR A PARTICULAR PURPOSE, OR ANY LIABILITY FOR COMMERCIAL LOSSES BASED UPON NEGLIGENCE OR STRICT LIABILITY.

GENERAL MOTORS NEITHER ASSUMES NOR AUTHORIZES ANYONE TO ASSUME FOR IT ANY OTHER OBLIGATION OR LIABILITY IN CONNECTION WITH PARTS SOLD URSUANT TO THIS AGREEMENT.

D. Record and Documentation Retention and Examination of Accounts and Records

1) MIS Account agrees to maintain complete and up-to-date records covering its purchase orders, including records in support of applications for any payment or credit by GM and shipping claims, as well as accounts and records evidencing the Added Value and sale of Parts to authorized customers. Such records shall be retained for at least three (3) years following the expiration of the term or termination of this Agreement.

2) MIS Account agrees to permit any designated representative of GM to access, examine, audit, and take copies of any of MIS Account's accounts and records relevant to MIS Account's compliance with this Agreement. MIS Account agrees to make such accounts and records readily available at its facilities during regular business hours. GM agrees to furnish MIS Account with a list of any reproduced records.

V. SALES TO MIS ACCOUNTS

A. MIS Account Rights to Purchase

While this Agreement is in effect, and subject to its terms and provisions, MIS Account shall have a non-exclusive right to purchase from GM, and GM shall sell to MIS Account, GM Parts identified in Exhibit B, exclusively for sale, after Added Value, to those customers authorized by GM as identified in Exhibit B.

MIS Account shall submit purchase orders for Parts using procedures, order forms, and/or systems supplied by or acceptable to GM. If purchase orders submitted by MIS Account to GM contain provisions adding to, nullifying, or inconsistent with provisions of this Agreement, such provisions shall be void and of no force and effect, and the provisions of this Agreement shall be controlling.

B. Prices and Other Terms of Sale

The sale of Parts to MIS Account shall be made in accordance with and subject to the terms and conditions contained in the current GM Terms of Sale Bulletin and pricing supplied by GM. GM has the right at any time to change the prices and other terms of sale. Sales to MIS Account will be made at the prices in effect at the time of placement of order.

C. Right to Discontinue Manufacture or Sale of Parts

GM retains the right to discontinue or suspend the manufacture of Parts and to make changes in the design or specification of Parts at any time without incurring any obligation or liability.

D. Right to Resell Parts to Third Party

The sale of Parts purchased from GM to third parties for the purpose of distribution without GM pre-approval is prohibited. This includes, but is not limited to, sales of GM Performance Parts in competition with GM Dealer sales and wholesale distributing to GM Dealers or GM Dealer customers.

VI. SERVICE INFORMATION (TECHNICAL SERVICES)

This agreement is not applicable to and excludes Global Aftersales Engineering services. GM is able to provide these services under a separately negotiated technical services agreement between the parties. These services may include, but not limited to the following:

- Service Program Management
- Advance Serviceability of Design
- Customer Service Literature (Owner's Manual) Development and Publication
- Service Information Development and Publication

- Schematics (Wiring Diagrams) Development and Publication
- Labor Time Development and Publication
- Diagnostic Trouble Code Development
- Diagnostic and Mechanical Special Tools
- Service Programming and Information Delivery
- Service Parts Readiness
- Customer and Technical Call Center Support
- Dealer Technical Training
- End-of-Life-Cycle Support
- Type Insurance Classification
- Component Remanufacturing Development and Support

These services can be all inclusive or delivered on an individual basis. A separate Technical Services Agreement (TSA) requiring applicable signatures will be utilized to comprehend negotiated services. The Technical Services Agreement will be administered by GM and will cover all work done by GM to fulfill its commitment for support as described within the TSA agreement, which may be performed in multiple locations at GM's discretion.

VII. CHANGES IN MANAGEMENT AND OWNERSHIP (FOR MIS ACCOUNTS OTHER THAN PUBLICLY TRADED CORPORATIONS)

If MIS Account proposes a change in management (the individual(s) which have the responsibility for meeting and performing the requirements of this Agreement), ownership, or a transfer of its business or its principal assets to any person or entity, MIS Account agrees to give GM written notice of and to discuss with GM any such proposed change or transfer at least sixty (60) days in advance. The purpose of GM's review of any such proposed change or transfer is to insure that MIS Account has the ability to meet and perform the requirements of this Agreement after such change or transfer takes place. GM shall approve or reject MIS Account's proposal in writing within thirty (30) days of the discussion relating to the proposal. Approval of MIS Account's proposal shall not be unreasonably delayed or withheld.

In the event of the death or incapacity of a Principal Owner of the MIS Account (Principal Owner being defined as someone owning twenty percent (20%) or more of the voting stock of the MIS Account), MIS Account agrees to notify GM within thirty (30) days of such event and discuss with GM the disposition of the voting stock owned by the Principal Owner and changes, if any, in MIS Account's ability to perform under this Agreement. The death or incapacity of a Principal Owner shall not constitute grounds for termination. As said event does constitute a change in ownership, GM shall either approve or reject transfer of this Agreement to the new owner(s) in writing within thirty (30) days of being notified of the death or incapacity of the Principal Owner. Approval of the transfer of this Agreement shall not be unreasonably delayed or withheld.

VIII. PRODUCT LIABILITY INDEMNIFICATION

A. Subject to the provisions of this Agreement, and to the extent enforceable under applicable law, GM will indemnify and hold MIS Account harmless against any judgment which may be entered against MIS Account to the extent such judgment has been entered as a result of any injury or damage caused by Parts sold to MIS Account by GM and resulting as direct consequence of GM's actions, plus reasonable attorney fees and court costs resulting from lawsuits seeking monetary damages commenced against MIS Account by third parties in which bodily injury or property damage is claimed to have been caused by an alleged defect in the design or manufacture of any Part which GM supplied to MIS Account under this Agreement, except to the extent that such injury or damage was the result of (I) any breach of this agreement by MIS Account including, but not limited to, any

warranty contained herein, or (2) the result of any defects in the Parts caused by the negligence or willful misconduct of MIS Account.

B. As a condition to GM's obligation herewith, MIS Account will notify GM within fifteen (15) days following the date on which MIS Account knew or should have known that the injuries or damage alleged in any plaintiff's petition or complaint were caused by Parts to MIS Account by GM and (I) submit to GM a written notice explaining in reasonable detail the nature and circumstances of the lawsuit and asking GM to assume the defense of the lawsuit and to indemnify MIS Account against any judgment which may be rendered therein and (2) furnish copies of any pleadings which have been served to date, together with all information then available regarding the circumstances of the litigation.

C. The request to assume the defense will be accepted or rejected by GM within thirty (30) days of receipt. Prior to GM's response to MIS Account, MIS Account agrees to take all reasonable steps to insure that the defense of the action is in no way prejudiced, whether by action or inaction. If GM accepts the request, GM will undertake the sole defense of such action on behalf of MIS Account. By making this request, MIS Account specifically authorizes GM to settle or to continue to defend such lawsuit, provided that GM will be solely liable for the payment of the amount of any settlement which it effects without the consent of MIS Account. If GM accepts the request, MIS Account further agrees to cooperate fully in the defense of the suit in such manner and to such extent as GM may reasonably require. This defense will be effective commencing with the date on which GM accepts the request and any expenses or other obligations incurred by MIS Account prior to such acceptance will be borne solely by MIS Account.

D. Should GM refuse for any reason to undertake the defense on behalf of MIS Account when it is otherwise obligated to do so under this Agreement, MIS Account may conduct its own defense and GM's liability will be limited to the costs of such defense, including reasonable attorney fees together with any judgment or final settlement paid by MIS Account; provided, however, that MIS Account will notify GM in writing within twenty (20) days of such judgment or settlement.

E. GM will have the right to decline to accept such defense or, after accepting the defense but prior to trial, to tender the defense back to MIS Account and MIS Account will be obliged to accept such tender, if GM reasonably concludes that the allegations being pursued are no longer those covered by this indemnity obligation.

F. Whenever a lawsuit alleges negligence on the part of both GM and MIS Account, each party will be responsible for its own defense, including costs and attorney fees, unless one party offers to undertake the total defense and the other party agrees thereto in writing. GM's and MIS Account's respective responsibility for their own defense pursuant to any other circumstances not within the scope of this Agreement, will in no way affect whatever legal rights either may have to indemnification or contribution.

G. IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER FOR PUNITIVE, SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, LOSSES, OR EXPENSES, INCLUDING, BUT NOT LIMITED TO, LOST PROFITS OR BUSINESS OPPORTUNITY UNDER THIS AGREEMENT EXCEPT AS SPECIFICALLY PROVIDED IN SECTION X.

IX. TERM AND TERMINATION

A. Term

This Agreement shall expire on **December 31, 2014** unless earlier terminated in accordance with the terms hereof It is understood and agreed that an expiration of the term of this Agreement shall be deemed a termination hereof.

B. Termination

l) Termination Upon Notice

MIS Account or GM may terminate this Agreement at any time, without cause, by giving to the other Party written notice of termination; such termination to become effective thirty (30) days after receipt of such notice.

2) Termination for Failure of MIS Account or GM to Be Licensed

If MIS Account or GM fails to secure or maintain any license required for the performance of its obligations under this Agreement, or such license is suspended or revoked (irrespective of the cause) then either Party may immediately terminate this Agreement by giving the other Party written notice.

3) Termination by Joint Agreement

This Agreement may be terminated at any time by written agreement between GM and MIS Account.

4) Termination Due to Certain Acts or Events Within the Control of MIS Account

Each of the following represents an act or event that is within the control of MIS Account or originates from action taken by MIS Account and which is so contrary to the spirit and objectives of this Agreement as to warrant its termination:

a. Any attempted or actual sale, transfer or assignment by MIS Account of this Agreement or any of the rights granted MIS Account hereunder, or any attempted or actual transfer, assignment or delegation by MIS Account of any of the responsibilities assumed it by under this Agreement without the prior written approval of GM. Such written approval shall not be withheld or delayed unreasonably.

b. Any attempted or actual sale of Parts not approved by GM, or sale of Parts to customers other than those authorized by GM.

c. Insolvency of MIS Account; filing of a voluntary petition of bankruptcy by MIS Account; filing of a petition to have MIS Account declared bankruptcy or appointment of a receiver or trustee for MIS Account, provided such filing or appointment is not vacated within thirty (30) days; or execution by MIS Account of an assignment for the benefit of creditors or any foreclosure or other due process of law whereby a third party acquires rights to the operation, ownership, or assets of MIS Account.

d. Conviction in a court of original jurisdiction of MIS Account or any principal officer or owner of MIS Account of any crime which is punishable by imprisonment; or any finding by a government agency or court of original jurisdiction that MIS Account has committed any unfair business practice which, in the opinion of GM, may adversely affect the reputation or interests of MIS Account or GM.

e. Submission by MIS Account of false applications or claims for any payment, credit, discount or allowance, or of false orders for Parts or reports of delivery or transfer of Parts if such applications, claims, orders or reports are fraudulent or part of a pattern of false applications, claims, orders or reports, whether or not MIS Account offers or makes restitution.

f. Refusal by MIS Account to furnish financial and related supporting data relevant to this Agreement, or to permit GM to make an examination or audit of MIS Accounts records relevant to this Agreement, provided such failure or refusal continues after receipt by MIS Account from GM of a written request for such information or permission.

g. Failure of MIS Account to comply with the provisions of any laws or regulations relating to obligations under this Agreement.

If GM learns that any of the foregoing acts or events have occurred, GM will endeavor to discuss it with MIS Account, Thereafter, GM may terminate this Agreement by giving MIS Account written notice of termination, such termination to be effective upon receipt by MIS Account of such notice or at such later date as may be specified in the notice.

5) Right to Rely on Any Applicable Termination Provision

The terminating Party may select the termination provision under which it elects to terminate without reference in its notice of termination to any other provision that may also be applicable. The terminating Party may also subsequently assert other grounds for termination.

C. Transactions After Termination

1. In the event notice of termination of this Agreement has been given by one party to the other pursuant to this Section IX or if this Agreement has expired by its terms, GM will not be obligated to ship to MIS Account any orders for Parts, all shipments may be immediately terminated and all orders then on hand may be immediately canceled by GM in its sole discretion.

2. Termination of this Agreement will not affect any rights or obligations of the respective parties, which will have accrued before the termination, including but not limited to MIS Account’s payment obligations.

3. Upon termination of this Agreement by GM under this Section IX or upon the expiration of the term of this Agreement, GM may, upon request by MIS Account and in GM’s sole discretion, purchase from MIS Account Parts considered eligible for return by GM.

4. Upon termination of this Agreement, GM shall provide to MIS Account a statement of all amounts due and owing from MIS Account to GM (the "Final Statement of Charges"). MIS Account is obligated to pay GM all sums owing within thirty (30) days of receipt of the Final Statement of Charges. All amounts stated in the Final Statement of Charges shall be subject to late payment

charges from the date due equal to 1-1/2% per month up to the maximum state and federal allowances.

5. The termination of this Agreement by either party shall not entitle MIS Account to any compensation from GM or render GM liable for damages.

X. REIMBURSEMENT OF UNAUTHORIZED ACTIVITY

If, before the end of the first year following expiration of the term of this Agreement or termination of this Agreement, GM notifies MIS Account in writing that GM believes that MIS Account sold Parts to unauthorized customers or sold unapproved parts (“Unauthorized Activity"), MIS Account agrees to reimburse GM the difference between the price MIS Account paid to GM and GM ’s Dealer price for all Unauthorized Activity throughout the term of this Agreement.

XI. GENERAL PROVISIONS

A. No Agency Relationship

GM and MIS Account are independent contracting parties, This Agreement does not constitute either party as the agent or legal representative of the other for any purpose whatsoever. Neither party is granted any express or implied right or authority to assume or create any obligation or responsibility on behalf of or in the name of the other party or to bind them in any manner or thing whatsoever.

B. Responsibility for MIS Account's Commitments

Except as is otherwise specifically provided in this Agreement, MIS Account shall be solely responsible for any and all obligations or responsibilities it incurs or assumes in preparation for or in performance of this Agreement; and General Motors LLC shall have no liability in connection with the establishment or conduct of MIS Account.

C. No License

This Agreement does not license MIS Account to use or reference any patents, trademarks, or trade names of General Motors divisions, units, subsidiaries or affiliates of General Motors, or its suppliers, in its selling, advertising, or marketing. All part designs, patents, design patents, copyrights, trademarks, or trade names relating to GM Parts that are supplied to MIS Account shall be and remain the property of General Motors LLC or its suppliers. During the Term of this Agreement, MIS Account may not advertise or publish the fact that MIS Account has contracted with GM to purchase Parts without GM's prior written approval.

D. Proprietary Information

All information disclosed to MIS Account pursuant to this Agreement and marked with a proprietary legend such as General Motors LLC or GM CONFIDENTIAL or similar is considered proprietary by GM and shall not be disclosed to any third party without the prior written approval of GM.

E. Notices of Termination or Agreement Change

Any notice required to be given by either Party to the other in connection with this Agreement shall be in writing and delivered personally, by certified mail or overnight courier. Notices to MIS Account shall be directed to MIS Account at the address on the front page of this Agreement, Notices to GM shall be directed to:

Marine, Industrial & Special Sales Department
C/o (Account Manager Name)
Customer Care and Aftersales
6200 Grand Pointe Drive
P.O. Box 6020, MC: 484-392-306
Grand Blanc, Ml 48439

F. No Implied Waivers

The failure of either Party at any time to require performance by the other Party of any provision hereof shall in no way affect the full right to require such performance at any time thereafter. Nor shall the waiver by either Party of a breach of any provision of this Agreement constitute a waiver of any succeeding breach of the same or any other such provision nor constitute a waiver of the provision itself.

G. Force Majeure

MIS Account will not be liable for any delay or failure to accept delivery and GM will not be liable for any failure to till orders where such delay or failure is caused in whole or in part by: (a) any strike or labor trouble in the plants or facilities of MIS Account, or General Motors LLC, their subsidiaries, their divisions, their affiliates, or their suppliers; (b) any shortage or curtailment of utilities, materials, transportation, or labor or damage to GM productive facilities; (c) any discontinuance of manufacture or sales or curtailment of production by GM due to economic conditions; (d) any act or omission of government, including the enactment of laws or regulations or issuance of judicial or administrative injunctions or orders; or (e) any cause beyond the control of MIS Account or GM. No payment shall be made by GM to MIS Account for any expenses incurred by reason of such default or delay.

H. Applicable Law

This Agreement shall be construed and enforced in accordance with the laws of the State of Michigan, excluding the provisions of the United Nations Convention on Contracts for the International Sale of Goods and any conflict of law principles that would require application of another choice of law.

I. Government Regulations

MIS Account shall comply with all federal, state, and local laws, regulations, standards, and ordinances in the performance of its obligations under this Agreement, including, but not limited to, the Federal Clean Air Act. MIS Account shall cooperate in the performance of its legal obligations under such laws, regulations, standards, and ordinances by maintaining records and by providing access to its facilities and records to government agencies, as required by law.

J. Export Compliance

Customer acknowledges, understands and agrees to comply with U.S. export laws and regulations and the export laws of other countries that relate to any and all products, software, technology (which includes technical data and/or services that are the subject of this Agreement. Compliance includes but is not limited to, obtaining appropriate export authorizations and abiding by such authorizations. Customer further agrees not to export, re-export, transmit or otherwise transfer any such product, software, technology and/or services contrary to U.S. export laws and regulations and other countries. Customer’s obligations under this clause shall survive the expiration or termination of this Agreement.

K. Local Taxes

MIS Account accepts full responsibility for the collection and/or payment of any taxes as may be required in connection with any of the business operations conducted by it hereunder, and MIS Account shall hold General Motors LLC harmless in connection with any claims or demands made upon MIS Account or General Motors LLC by authorities in connection with the collection and/or payment of any such taxes, including, without limitation, stamp taxes, sales and use taxes, personal property taxes, value added taxes, and income taxes.

L. Assignment

This Agreement is not assignable by MIS Account without the prior written consent of GM (which consent shall not be unreasonably withheld), and any attempted assignment without such consent, whether by operation of law or otherwise, shall be void.

M. Headings

The section headings contained in this Agreement are for convenience only and shall not control or affect the meaning or construction of any of the provisions of this Agreement.

N. Sole Agreement

This Agreement cancels and supersedes all previous agreements between MIS Account and GM relating to MIS Account‘s purchase of parts as an MIS Account from General Motors Customer Care and Aftersales, and there are no other agreements or understandings, either oral or in writing, between the Parties affecting this Agreement or relating thereto, except as otherwise provided herein.

No change in, addition to (except the filling in of blank lines or spaces) or erasure of any printed portion of this Agreement shall be valid or binding upon GM unless approved in writing by GM's Field Operations-Director and MIS Sales Department-Manager.

Concerning MIS Account’s purchase of parts as an MIS Account from General Motors Customer Care and Aftersales, no agreement between the Parties which is at variance with any of the provisions of this Agreement or which imposes definite obligations upon either Party not specifically imposed by this Agreement or which is intended to be effective or performed following the termination of this Agreement and imposes obligations or extends the time for performance thereof other than as provided in this Agreement shall be binding upon either Party unless it bears the signature of GM‘s Field Operations-Director, and is countersigned by GM's MIS Sales Department-Account Manager and is signed by or on behalf of MIS Account (except for Bulletins, Addenda, and other documents which GM is expressly permitted to modify unilaterally under the provisions of this Agreement).

O. Severability

In case any provision of this Agreement is held to be contrary to law or invalid, such illegality or invalidity shall not affect, in any way, any other provision of this Agreement, all of which shall continue in full force and effect.

P. Survival of Provisions

The provisions of the following sections of this Agreement shall survive termination of the Agreement: Sections IV, V.D, VII, lX.C, X and XI.

X1. EXECUTION OF AGREEMENT ON BEHALF OF GM

This Agreement is not valid unless it bears the signature of GM's Field Operations Director, is countersigned by the GM Sales Account Manager and is signed by or on behalf of MIS Account.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

MIS Customer Signatures:

TECOGEN INC.
(Firm name of MIS Customer)

By: /s/ Bonnie J. Brown Date: November 3, 2011
Chief Financial Officer

GENERAL MOTORS LLC
CUSTOMER CARE AND AFTERSALES

By: /s/ Chris Wolf Date: November 22, 2011
Director-Filed Operations

By: /s/ Marylee Gervin Date: November 21, 2011
Manager-Marine, Industrial & Special Sales

GENERAL MOTORS LLC
CUSTOMER CARE AND AFTERSALES
MARINE, INDUSTRIAL & SPECIAL SALES DEPARTMENT
TERMS OF SALE
Effective as of January 1, 2012

These Terms of Sale are furnished pursuant to the GM Marine, Industrial & Special Sales Account Agreement (the "GM MIS Agreement") currently in effect, and are applicable to sales of GM Parts to authorized GM Marine, Industrial & Special Sales Accounts ("MIS Accounts").

Unless otherwise specifically provided herein, initial capitalized words and phrases that are defined in the Definitions, Section I, of the GM MIS Agreement and used herein shall have the meanings indicated in such Definitions.

The prices, charges, terms of sale and other provisions and plans referred to or contained herein shall apply to all such parts sold by General Motors LLC Customer Caro and Aftersales ("GM") and shipped to MIS Accounts on and after January l, 2012, unless otherwise provided herein, and shall remain in effect until superseded by the delivery of new or supplemental Terms of Sale to MIS Accounts by GM. Accordingly, the Terms of Sale may be amended, modified, supplemented, superseded and/or replaced by GM from time to time in its sole discretion by delivery of new or supplemental Terms of Sales.

A. Value Added and Other Requirements

While the GM MIS Agreement is in effect and subject to and in accordance with its terms and provisions, MIS Accounts will have a non-exclusive right to purchase parts from GM. The MIS Account must add value to the parts purchased from GM.

1. MIS Accounts are responsible to ensure that the following are applied to every engine and/or component procured for end product:
   a) Value Added to procured parts — bona fide end product
   b) Engineering capability for design, development, and reliability validation on MIS Account's end product
   c) Service network established to provide service, parts, and administer own warranty wherever end product is sold
   d) Application validation including, but not limited to, CARB/ARB and MVSS compliance

2. MIS Accounts will provide to GM, within 5 business days of a request:
   a) Part component forecasts
   b) A list of all customers and the application on a bi-annual basis
   c) End product manufacturing quantities

B. Placement of Orders

MIS Accounts shall have in place such electronic equipment to facilitate the processing of orders, invoices, claims, as well as locating parts, as deemed necessary from time to time by GM.

C. Prices and Discounts

All parts purchased under the MIS Agreement will be invoiced at prices established by GM. Such prices (f.o.b. shipping point) shall be shown in the applicable MIS Account's billing schedule and other supplements thereto furnished by GM. All shipments will be billed according to MIS Accounts billing schedule in effect on the date of receipt of an order by GM less my applicable discount and/or allowance allowed by GM, plus any transportation charge, if applicable.

GM has the right at any time to change the prices, charges, discounts, allowances and terms of sale affecting any part.

Discounts are evaluated on an annual basis dependent upon MIS Account previous year accumulative part purchases under the GM MIS Agreement. Discounts will apply February 1 of current year to January 31 (following year). New MIS Accounts without prior year purchase history will receive a discount of **[****]** unless initial order supports a higher discount.

Example:

Previous Years Sales = Under $50,000 = Discount of **[****]**

Previous Years Sales = $50,000 - $99,999 = Discount of **[****]**

Previous Years Sales = $100,000 - $149,999 = Discount of **[****]**

Previous Years Sales = $150,000 and up = Discount of **[****]**

* Some parts will be restricted to a cap of **[****]** discount (e.g. GM Performance Parts. etc.).

D. Terms of Payment

MIS Account purchases of GM parts will be invoiced when shipped and identified on the MIS Account's Monthly Statement of Account provided by GM ("Monthly Statement"). The Monthly Statement is due and payable in accordance with the following schedule.

Statement Date Billing Period Payment Due
End of Month Entire Month 10th day of following month

GM reserves the right to withhold shipments to MIS Accounts with past—due invoices or debits to their MIS Account, regardless of any remaining credit.

GM reserves the right as an option to deduct any outstanding balance owed from accounts payable due to Direct Account from GM or other General Motors divisions, units, affiliates or subsidiaries.

GM also reserves the right to assess late payment charges of 1-1/2% per month on any past due balance. In the event federal or state law sets a maximum rate for such fees less than 1-1/2% per month, the maximum rate permitted by law will be assessed. In the event that MIS Account defaults in whole or in part of its indebtedness to GM, GM may declare all indebtedness due and payable. These rights are in addition to other rights and remedies available to GM as set forth in the GM MIS Agreement or by law.

E. Transportation and Risk of Loss

Parts will be delivered by carriers and methods selected by GM. GM will determine the point from which parts will be shipped and the mode of transportation for all parts purchased by MIS Accounts.

For parts shipped by carriers or means other than trucks owned or operated by GM, shipment terms shall be F.O.B. (shipping point), and title to parts will pass from GM to MIS Accounts upon delivery by GM to the carrier. MIS Accounts will be responsible for any delays, damages, or losses in shipment, whether or not the carrier used is designated in the shipping and routing instructions of the MIS Account. GM will not be responsible for any claims against carrier for delay, damage, or loss of shipment made by MIS Account.

For or parts shipped to MIS Accounts by trucks owned or operated by GM, title and risk of loss will pass to MIS upon delivery of parts at the approved destination point(s) indicated in Exhibit B or the MIS Locations and Contact Addendum to the GM MIS Agreement, as the case may be.

Proper receiving is required to prevent unnecessary losses in a MIS Account's parts and accessories inventory and to facilitate handling of claims against carriers and GM Parts. MIS Accounts should observe the following instructions when receiving shipments from GM Parts locations or when receiving material scheduled by GM Parts for shipments direct to the MIS Account from a source of supply. Receiving of parts and accessories includes acceptance of the shipment from the carrier and processing of the shipment by the MIS Account.

***Do not refuse any GM shipment. MIS Accounts will he invoiced and are obligated to accept GM shipments.**

Acceptance of Shipment from the Carrier

On receipt of a shipment of parts and accessories by a MIS Account, the following steps must be taken before the transportation receipt is signed:

- Check for visible damage to containers or loose pieces.
- Check MIS Account name, master order number, and piece numbers on shipping tags to make certain that:
  - The exact number of cartons, boxes, bundles, or loose pieces received corresponds to the information shown on the delivery receipt,
  - Each piece is consigned to the MIS Account receiving the shipment.

MIS Account should not sign the delivery receipt for any type of incomplete or damaged shipment without exceptions being noted and signed by the carrier's representative.

F. Transportation Charges

GM will prepay freight on shipment of parts ordered as a "stock order" by MIS Accounts. To be eligible for prepaid height, the ship to address must be established in the GM Customer records system (Ship-To).

"Emergency Orders" (CSO order type) will also be shipped prepaidexcept to an alternate ship-to address not appearing on the MIS Account record?

"Overnight Emergency Orders" (CSO-3 order type) will NOT be shipped prepaid and will be shipped at the expense of the MIS Account (included on the GM invoice to the MIS Account).*

* Not all parts are available for Emergency and/or overnight ordering. If the part is unavailable to ship via Emergency or Overnight, the order will cancel.

G. Claims, Material Returns, and Transportation Claims

- **Claims - Overage / Shortage - Must be submitted within 30 days after the original invoice date or the claim will be rejected and the MIS Account will be held responsible.**

Shortage — A straight shortage occurs when you fail to receive material that has been invoiced for, but the parts did NOT appear on the Carriers Delivery Receipt (were never picked up by the carrier from the supplier)

Overage — A straight overage occurs when you receive parts that you have not been invoiced for and you did not order the material.

1. *If you decide to keep the overage, your [MIS account will be invoiced, for this material automatically once the claim is processed.*
2. *If you decide to return the overage, all parts must be returned to GM within 45 days of receiving the call tags.*

- Refer to the EPIC Periodical Manual for detailed instructions.

- **Material Return Claim**

Packaged Incorrectly - (Return Code: O3) - Must be submitted within 30 Days of receipt

To qualify as a packaged incorrectly return, one of the conditions identified below must have occurred: 1) Incorrect unit quantity. a) Quantity in package is different than quantity printed on package b) Empty packages. 2) Wrong part in package. 3) Missing pieces.

Concealed Damaged - (Return Code: 06) - Must be submitted within 90 Days of receipt

To qualify for return under the damaged MR plan, one of the following conditions must apply: 1) The damage must have occurred prior to shipment from the PDC or source and must not have been as a result of carrier or customer handling. 2) The damage must have occurred as a result of faulty packing or packaging at SPO prior to shipment, for which no valid claim can be made against the carrier for apparent or concealed damage.

New Defective - (Return Code: 07) - Must be submitted within 30 Days of receipt

To be used only when part has a manufacturing defect. Definition of defective parts: A defective item is defined as "a new part with a defect visible to the eye which has been detected prior to bench testing, installation or attempted installation".

Shipped in Error - (Return Code: 08) - Must be submitted within 30 Days receipt

To qualify as a shipped in error, one of the following conditions must have occurred: 1) The SPO Catalog or other publication contained errors. 2) When the order was written, an error was made in part number or customer code by a GM representative.

Container Damage - (Reason Code: 15) - Must be submitted within 30 Days of receipt

To be used to return parts that are not damaged, but the packaging is defaced, opened or damaged.

- Refer to the EPIC Periodical Manual for detailed instructions.

- **Transportation Claim - Must be submitted within 20 working days**
  - All transportation claims must have discrepancies noted at time of delivery (for unattended deliveries, call into PDC by next working day)
  - Submit to GM Logistics Provider if differences between number of pieces shipped and received
  - Submit transportation claim to allow for free astray items wait live working days before submitting claim
  - File transportation claim for damaged items noted on unattended delivery returns
  - Claim must be accompanied by delivery receipt with notations of discrepancy

- Refer to the EPIC Periodical Manual for detailed instructions.

H. Export Responsibility

The MIS Account agrees to take ownership of all shipments upon delivery to the U.S. address provided and to take fall responsibilities for all shipments being exported from the U.S. The MIS Account further understands and agrees to comply with all U.S. and other country's export laws and regulations that relate to any and all products, software, technology (which includes technical data) and/or services that are the subject of this Agreement. Compliance includes but is not limited to, obtaining appropriate export authorizations and abiding by such authorizations. Customer further agrees not to export, re-export, transmit or otherwise transfer any such product, software, technology and/or services contrary to all U.S. and other country's export laws and regulations, Customer's obligations under this clause shall survive the expiration or termination of this Agreement.

Atlantic-Waltham Investment II, LLC
Commercial Lease

In consideration of the covenants herein contained, ATLANTIC-WALTHAM INVESTMENT II, LLC, a Delaware Limited Liability Company, with a usual place of business c/o Atlantic Management Corporation, 205 Newbury Street, Framingham, Massachusetts 01701, hereinafter called LESSOR, which expression shall include successors and assigns where the context so admits, does hereby lease to Tecogen Inc., a Delaware corporation, with a usual place of business at 45 First Avenue, Waltham, MA 02451, hereinafter called LESSEE, which expression shall include successors, executors, administrators, and assigns where the context so admits, and LESSEE hereby leases from LESSOR the premises hereinafter described, from the Lease Commencement Date until the Lease Termination Date (the Lease Term) as hereinafter specified, subject to the terms and conditions hereinafter set forth:

1. SUMMARY OF TERMS

Description of the Leased Premises: The premises located at 45 First Avenue, Waltham, Massachusetts (hereinafter the "Leased Premises") as shown on Exhibit A attached hereto and incorporated herein. The Leased Premises contains approximately 43,000 rentable square feet (hereinafter the "Total Rentable Floor Area of the Leased Premises").

Lease Term:	Five (5) Years
Lease Commencement Date:	April 1, 2009
Rent Commencement Date:	April 1, 2009
Lease Termination Date:	March 31, 2014
Use of Lease Premises:	Warehouse, manufacturing, distribution facility, offices, and uses incidental thereto
Annual Base (Fixed) Rent for the Lease Term:	
Years 1-2:	
Year 3-5:	
Security Deposit:	$37,625.00
Building Total Square Footage:	43,000 Rentable Square Feet
Brokers:	None

LESSOR and LESSEE now covenant and agree that the following terms and conditions shall given this Lease during the Lease Term hereof and for such further time as LESSEE shall hold the Leased Premises.

2. LEASE TERM

The Lease Term shall commence on the Lease Commencement Date, unless such date is advanced or extended as herein provided, and continue until the Lease Termination Date. LESSEE shall have access to the Leased Premises commencing on the Lease Commencement Date, for the purposes of preparing the Leased Premises for LESSEE's occupancy.

3. RENT

Commencing on the Rent Commencement Date, LESSEE shall pay to LESSOR, without any offset or deduction whatever except as made in accordance with the provisions of this Lease, the Annual Fixed Rent as specified in Article 1 above in monthly installments at the rate of 1/12 of the Annual Fixed Rent as set forth in Article 1, payable in advance on the first day of each calendar month, the first monthly payment to be made upon execution of this Lease, including payment in advance of appropriate fractions of a monthly payment any portion of a month at the commencement of said Lease Term. All payments are to be made to ATLANTIC-WALTHAM INVESTMENT II, LLC, c/o Atlantic Management Corporation, 205 Newbury Street, Framingham, MA 01701. Within (10) days after the Rent Commencement Date, the parties shall complete and execute a certificate (the "Data Certificate") attached hereto as Exhibit "B" "Data Certificate" specifying the date of the actual Rent Commencement Date and the date of the expiration Date of the term. When so complete executed by the parties, the Data Certificate shall be incorporated herein by reference, and for the purposes of this Lease, the information recited therein shall be conclusive as to the terms to which they respectively apply; provided, however, the failure of the parties, for whatever reason to execute the Data Certificate shall not in any way affect the operation validity of the Lease.

4. SECURITY DEPOSIT

The Lessee agrees to deposit with Lessor a security deposit in the amount of $37,625.00 upon execution and delivery of this Lease, and that the Lessor shall hold the same, throughout the term of this Lease, as security for the performance by the Lessee of all obligations on the part of the Lessee to be kept and performed, subject to the provisions set forth below. The Lessor shall have the right from time to time, without prejudice to any other remedy the Lessor may have on account thereof, to apply such deposit, or any part thereof, to the Lessor's damages arising from any default on the part of the Lessee. Upon such application the amount so applied shall be paid by Lessee to Lessor upon demand in order that the security deposit may at all times be equal to the amount set forth in Section 1. Provided the Lessee not then being in default, the Lessor shall return the deposit, or so much thereof as shall not have theretofore been applied in accordance with the terms of this Section 4, to the Lessee within thirty (30) days after the expiration or earlier termination of the Lease Term and surrender of possession of Premises by the Lessee to the Lessor at such time. The Lessor shall have no obligation to pay interest on the deposit and shall have the right to commingle the same with the Lessor's other funds. If the Lessor conveys the Lessor's interest under this Lease, the deposit, or any part thereof not previously applied, may be turned over by the Lessor to the Lessor's grantee, and, if so turned over, the Lessee agrees to look solely to such grantee for proper application of the deposit in accordance with the terms of this Section 4, and the return thereof in accordance herewith. The Lessee agrees that the Lessee will not assign, encumber or pledge, attempt to assign, encumber or pledge the moneys deposited herein as security, and that neither the Lessor, nor its successors and assigns, shall be bound by any such assignment, encumbrance or pledge, attempted assignment, attempted pledge, or attempted encumbrance. The holder of a mortgage of property which includes the Premises shall not be responsible to the Lessee for the return or application of any such deposit, whether or not it succeeds to the position of the Lessor hereunder, unless such deposit shall have been received in hand by such holder.

5. USE OF PREMISES

LESSEE shall use the Leased Premises only for the purposes specified in Article 1 and for no other purpose.

6. PREPARATION OF PREMISES FOR OCCUPANCY

LESSOR shall deliver the Premises to the LESSEE in its “as is” condition, provided however, that prior to delivery of the Premises, the Lessor shall replace the current roof and repair all damage to the ceiling tiles of the Leased Premises caused by existing leaks in the roof. Upon Landlord’s completion of the replacement and repair, Landlord shall notify Tenant that Landlord’s work is complete, and together with such notice shall provide Tenant with an invoice for $80,000.00, representing Tenant’s share of the cost of such work, and Tenant shall pay such invoice within thirty (30) days after its receipt thereof.

7. TAXES

With reference to the Taxes, it is agreed that:

LESSOR shall be responsible for the payment, before the same becomes delinquent, of all general and special taxes, including assessments for local improvements, and other governmental charges which may be lawfully charged, assessed or imposed (herein collectively called the “Taxes”) upon the Building and the Lot. However, if authorities having jurisdiction assess real estate taxes, assessments or other charges which LESSOR considers excessive, LESSOR may defer compliance therewith to the same extent permitted by the laws of the jurisdiction in which the same are located, so long as the validity or amount thereof is contested by LESSOR in good faith, and so long as LESSEE's occupancy of the Premises is not disturbed. The initial estimated payment for Taxes for fiscal year 2008, shall be $56,526.24 per year ($4,710.52 per month), or $1.31 per square foot

a) The LESSEE shall pay to the LESSOR Taxes for the Lease Year within thirty (30) days upon LESSEE’s receipt of written notice from LESSOR containing a receipt from the applicable municipal authority evidencing that such Taxes have been paid in full.
b) An equitable adjustment shall be made in such figures with respect to the first and last years of the term hereof in the event that they shall not coincide with the tax year; and an equitable adjustment shall be made in the event of any change in the method or system of taxation from that which is now applicable, including the dates and period for which such taxes are levied, or otherwise. Where the applicable tax bill is not available prior to the end of the term hereof, then the aforesaid adjustment shall be made, tentatively, on the basis of the last year's taxes, and the amount due shall be treated as an addition to the rent for the last month of the term of the Lease; and final adjustment shall be made between LESSOR and LESSEE promptly after LESSOR shall have received the tax bill for such period.
c) If some method or type of taxation or assessment shall replace in whole or in part, the current method of assessment of real estate taxes, or the type thereof, LESSEE agrees that LESSEE shall pay LESSEE's equitable share of the same computed in a fashion consistent with the method of computation herein provided, to the end that LESSEE's cost on account thereof shall be, to the maximum extent practicable, the same as LESSEE would bear under the foregoing paragraphs.

If a tax (other than a net income tax) is assessed on account of the rents or other charges payable by LESSEE to LESSOR under this lease, LESSEE agrees to pay the same within ten (10) days after billing therefore, unless applicable law prohibits the payment of such tax by the LESSEE. LESSEE's obligation to make payment of the same shall be applicable irrespective of the party to which the tax is assessed.

8. OPERATING COSTS

Lessee shall pay to the Lessor as Additional Rent hereunder: all of the operating costs incurred during the calendar year with respect to the Building of which the Premises are a part (collectively “Lessee's Share”).

The term “Operating Costs” shall mean all reasonable costs incurred and expenditures made by the Lessor in the operation and management of the buildings and the associated land comprising the Property, exclusive of capital expenditures, leasing commissions, special services to other lessees, financing expenses, costs and expenses incurred by Lessor arising from the performance of Lessor's obligations hereunder (but not excluding costs incurred by Lessor for which Lessee is responsible if not otherwise separately billed), and real estate taxes billed in accordance with Paragraph 7 herein, as determined in accordance with generally accepted accounting principles. Operating Costs include, without limitation all reasonable, costs of cleaning, maintenance and repairs to the Property, maintenance of the grounds, snow removal, management fee equal to up to three (3%) percent of Gross Rent, wages, salaries, benefits, payroll taxes and unemployment compensation insurance for employees of Lessor employed on the Property or of any contractor of Lessor engaged in the cleaning, operation, maintenance or security of the Property, insurance relative to the Property, payments other than taxes to the municipality in which the Property is located, including, but not limited to, water and sewer charges, supplies, insurance and all other expenses customarily incurred in connection with the operation of buildings of comparable type and use. Lessee shall have the right on an annual basis to review the Operating Costs, and upon written notice to Lessor, to assume responsibility for any or all of the items included in the Operating Costs schedule. A list of the current operating costs is attached as Exhibit E.

Lessee’s Share shall be due and payable within twenty (20) days following receipt by Lessee of the Operating Escalation Statement for such year. Upon request of Lessee, Lessor shall provide Lessee with reasonable documents supporting Lessee's Share of Operating Costs. Lessee shall pay to Lessor, as estimated payments of the Operating Costs, one-twelfth (1/12) of the sum, if any, shown to be due in the Operating Cost budget for the previous calendar year. If this Lease shall commence or expire in the middle of a calendar year Lessee shall be liable for only that portion of the Operating Cost excess in respect to such calendar year as is represented by a fraction the numerator of which is the number of days of the Term which falls within the calendar year and the denominator of which is three hundred sixty-five (365). The initial estimated Operating Costs for 2009 shall be $56,486.00 as shown on Exhibit E, or $4,707.17 per month, and $1.31 per square foot).

The LESSEE shall pay to the LESSOR pro rata monthly installments on account of projected Operating Costs for the Lease Year, calculated by the LESSOR on the basis of the most recent Operating Costs data or budget available, with an adjustment made to the account for actual Operating Costs for such Lease Year. If the total of such monthly installments in any Lease Year is greater than the actual Operating Costs for such Lease Year, the LESSEE shall be entitled to a credit against the LESSEE's base rental obligations hereunder in the amount of such difference. If the total of such monthly installments is less than the actual Operating Costs for such Lease Year, the LESSEE shall pay to the LESSOR the amount of such difference promptly upon billing therefor.

For the purposes of this Article “Lease Year' shall mean any fiscal year from January 1 to December 31, except that the first Lease Year during the term of this Lease shall commence on the Commencement Date and end on the next following December 31 and the last Lease Year during the term of this Lease shall end on the date this Lease terminates (each of such first and last Lease Years are referred to in the immediately preceding paragraph (b) as a “Partial Lease Year”);

Operating Costs shall be computed on an “as paid” basis and shall be determined in accordance with generally accepted accounting principles consistently applied. They may be incurred directly or by way of reimbursement, and shall include taxes applicable thereto. The following shall be excluded from Operating Costs:

(1) Salaries of officers and executives of the LESSOR not connected with the Operation of the Property;
(2) Depreciation;
(3) Expenses relating to LESSEES' alterations;
(4) Interest on indebtedness;
(5) Expenses for which the LESSOR, by the terms of this Lease or any other lease, makes a separate charge; and
(6) Leasing fees or commissions.

All Operating Costs shall be reduced by the amount (net of collection costs) of any insurance reimbursement, discount or allowance received by the LESSOR in connection with such costs.

9. LATE PAYMENT

LESSEE shall pay interest (which shall be considered additional rent) at an annual rate which shall be the lesser of twelve (12) percent or the maximum rate allowed by law, from the date due, for any installment of Annual Fixed rent, additional rent, or other payment which is not received by LESSOR within ten days of said due date.

10. UTILITIES

The Lessee shall pay, during the term as they become due, all bills for electricity and other utilities (including those that are used for furnishing heat or other purposes) that are furnished to the Premises and are presently separately metered, and all bills for fuel furnished by a separate tank servicing the Premises exclusively. The Lessor agrees to provide all other utility service (except to the extent that the same are furnished through separately metered utilities or separate fuel tanks as set forth above) to the Premises, and to furnish reasonable hot and cold water to the Premises' lavatories, twenty four hours a day, seven days a week, and to light any common passageways and common stairways during business hours, all subject to interruption due to the making of repairs, alterations, or improvements, and due to circumstances beyond Lessor's control such as accidents, labor difficulties, trouble in obtaining fuel, electricity, service, or supplies from the sources from which they are usually obtained for said Building, or to any other cause beyond the Lessor's reasonable control.

11. COMPLIANCE WITH LAWS

LESSEE acknowledges that no trade, occupation, or activity shall be conducted in the Leased Premises or use made thereof which will be unlawful, improper, noisy or offensive, or contrary to any statute, regulation, or ordinance in force in the city or town in which the Leased Premises are situated. LESSEE shall keep all employees working in the Leased Premises covered with Worker's Compensation Insurance in accordance with law. LESSEE shall be responsible for causing the premises and any work conducted therein to be in full compliance with the Occupational Safety and Health Act of 1970 and any amendments thereof.

12. FIRE INSURANCE

LESSEE shall not permit any use of the Leased Premises which will adversely affect, increase the premium of, or make voidable, any insurance on the Property or on any building or portion of the Property or the contents thereof, or which shall be contrary to any law or regulation from time to time established by the Insurance Services Office (or successor), local Fire Department, or any similar body. LESSEE shall on demand reimburse LESSOR, and all other lessees, all extra insurance premiums caused by LESSEE's use of the premises. LESSEE shall not vacate the Leased Premises or permit same to be unoccupied other than during LESSEE's customary non-business hours.

13. MAINTENANCE OF PREMISES/STRUCTURAL OBLIGATIONS/CLEANING

13.1 LESSEE’s Obligations.

From and after the date that possession of the Premises is delivered to the LESSEE and until the end of the Lease Term, the LESSEE shall keep the Premises and every part thereof, in good order, condition and repair, reasonable wear and tear and damage by unavoidable casualty only excepted; and the LESSEE shall surrender the Premises at the end of the Lease Term in such condition.

Whenever the LESSEE shall make repairs, alterations, decorations, additions, removals, or improvements (including the installation of any equipment other than normal light business office equipment) in or to the Premises:

a) Any mechanic's or materialmen's lien filed against the Premises or the Building for work claimed to have been done for, or materials claimed to have been furnished to the LESSEE, shall be immediately discharged by the LESSEE, at the LESSEE's expense, by filing the bond required by law or otherwise. If the LESSEE fails so to discharge any lien, the LESSOR may do so at the LESSEE's expense and the LESSEE shall reimburse the LESSOR for all expenses and costs incurred by the LESSOR in so doing immediately after rendition of a bill therefor by the LESSOR to the LESSEE;

b) All installations or work done by or for the LESSEE shall be at its own expense and shall at all times comply with (i) laws, rules, orders and regulations of governmental authorities having jurisdiction thereof; (ii) orders, rules and regulations of any Board of Fire Underwriters, or any other body hereafter constituted exercising similar functions, and governing insurance rating bureaus; (iii) plans and specifications (which shall be prepared by and at the expense of the LESSEE) theretofore submitted to and approved in writing by the LESSOR;

c) The LESSEE shall procure all necessary permits before undertaking any work in the Premises and shall do all such work in a good and workmanlike manner, employing new materials of first class quality and shall defend, save harmless, exonerate and indemnify the LESSOR from all injury, loss or damage to any person or property occasioned by such work. The LESSEE shall cause contractors employed by the LESSEE to carry and maintain in force during the continuance of any work being performed for the LESSEE Worker's Compensation Insurance in accordance with statutory requirements and Comprehensive Public Liability Insurance and Automobile Liability Insurance covering such contractors on or about the Premises in amounts reasonably acceptable to the LESSOR and to submit certificates evidencing such coverage to the LESSOR prior to the commencement of such work; and

d) The LESSEE shall not, at any time prior to or during the Term of the Lease, directly or indirectly employ, or permit the employment of, any contractor, mechanic or laborer in the Premises, whether in connection with any repair work or the making of any alteration, improvements or additions or otherwise, if such employment will interfere or cause any conflict with other contractors, mechanics, or laborers engaged in the construction, maintenance or operation of the Building by the LESSOR, LESSEE or others. In the event of any such interference or conflict, the LESSEE, upon demand of the LESSOR shall cause all contractors, mechanics or laborers causing such interference or conflict to leave the Building immediately.

13.2 LESSOR Services

The Lessor agrees to maintain, repair and replace (as necessary) the structure and foundation of the Building, the roof (except for repairs thereto necessitated by Lessee's installation, repair, maintenance or replacement of equipment located on the roof), the parking and access ways, and other common areas, in the same condition as they are on the Commencement Date or as they may be put in during the term of this Lease, reasonable wear and tear, damage by fire and other casualty only excepted, unless such maintenance is required because of the conduct of Lessee or those for whose conduct the Lessee is legally responsible (including, but not limited to loading dock, dock bumpers, dock enclosures, if applicable). Lessor shall maintain provide to the Premises all of the services whose costs are included in the definition of Operating Expenses under Paragraph 8 other than those services specifically assumed by Lessee.

The LESSOR shall furnish water at City temperature for fire protection, ordinary cleaning, toilet, lavatory and drinking purposes. If the LESSEE uses or consumes water for any other purpose, it shall reimburse the LESSOR therefor, and for any related sewer charge, as reasonably estimated by the LESSOR or, at its election, metered. In the latter event, the LESSEE shall pay the cost of the meter and its installation and maintenance. Such reimbursement shall be made as and when bills are rendered. All water piping and equipment shall be installed and maintained by the LESSOR at the LESSEE's expense. LESSEE shall also reimburse LESSOR for any utilities costs incurred with respect to the Premises. LESSEE may, at its option, have such utilities separately metered.

14. ALTERATIONS

LESSEE shall not make structural alterations or additions of any kind to the Leased Premises, but may make nonstructural alterations provided LESSOR consent thereto in advance in writing, which consent shall not be unreasonably withheld provided said alterations are consistent in appearance and quality with the rest of the Building and Property. However, LESSOR shall not be obligated to approve any such alterations which would subject LESSOR to additional expense to readapt or prepare the Leased Premises for re-leasing upon the termination of this Lease or which would increase the Real Estate Tax Expenses of the Property. All such allowed alterations shall be at LESSEE's sole risk and expense, shall conform with LESSOR's construction specifications, shall be performed in good and workmanlike manner, and shall comply with all applicable codes and regulations. If LESSOR performs any services for LESSEE in connection with such alterations or otherwise, any just invoice will be considered additional rent and will be promptly paid. LESSEE shall not permit any mechanics' liens, or similar liens, to remain upon the Leased Premises in connection with work of any character performed or claimed to have been performed at the direction of LESSEE and shall cause any such lien to be released or removed without cost to LESSOR within ten (10) days of written request by LESSOR. Any alterations or improvements shall become part of the real estate and the property of LESSOR. LESSEE shall remove any alteration or addition made by it and restore the Leased Premises and other affected area(s), if any, to the same condition as they were in on the Lease Commencement Date upon the expiration or termination of this Lease if LESSOR so directs. Any alterations completed by LESSOR shall be “building standard” unless noted otherwise. LESSOR shall have the right at any time to change the arrangement and layout of parking areas, stairs, walkways, common areas and other areas of the Property not contained within the Leased Premises, to install, repair, replace, remove, use, maintain and relocate for service to the Leased Premises and to other parts of the Property, pipes, ducts, conduits, wires and fixtures wherever located inside or outside of the Building and the Property, to change the boundaries of the lot upon which the Building is located, to construct additions to existing buildings on the Property, and to construct additional buildings and improvements on the Property.

15. ASSIGNMENT OR SUBLEASING

LESSEE shall not assign, mortgage, pledge, hypothecate or otherwise transfer this Lease or sublet (which term, without limitation, shall include granting of concessions, licenses, and the like) or allow any other firm or individual to occupy the whole or any part of the Leased Premises without the prior written consent of LESSOR, or suffer or permit this Lease or the leasehold estate hereby created or any other rights arising under this Lease to be assigned, transferred, or encumbered, in whole or in part, whether voluntarily, involuntarily, or by operation of law. LESSOR's consent shall not be unreasonably withheld or delayed, subject to the conditions contained in this Paragraph 15. In the event of any intent to assign this Lease or sublet any portion or all of the Leased Premises, LESSEE shall notify LESSOR in writing of LESSEE's intent and the proposed effective date of such subletting or assignment, and shall request in such notification that LESSOR consent thereto. LESSEE will reimburse LESSOR, as additional rent, for reasonable legal and other expenses incurred by LESSOR in connection with any request by LESSEE for consent to assignment or subletting. In the event that the fixed rental to be paid by any subLESSEE, assignee or transferee of LESSEE shall exceed Annual Fixed Rent as set forth in Article 3 herein payable by LESSEE to LESSOR, or in the event that any subLESSEE, assignee or transferee shall pay to LESSEE a sum of money in consideration for such sublease, assignment or transfer, then LESSEE shall pay one-half (1/2) to LESSOR, as additional rent, a sum equal to the amount by which the fixed rent payable by such subLESSEE, assignee or transferee exceeds the Annual Fixed Rent payable under Article 3 herein or an amount equal to such sum of money. Provided, however, that the provisions of the previous sentence shall not apply to any assignments or subletting to LESSEE's subtenants listed below and their affiliated companies (American DG Energy Inc., Alexandros Partners LLC, Pharos, LLC, Levitronix LLC, Levitronix Medical LLC, Levitronix Technologies LLC, Levitronix IP LLC, Tecogen Inc., HR Knowledge). No assignment or subletting and no consent of LESSOR thereto shall affect the continuing primary liability of LESSEE (which, following assignment shall be joint and several with the assignee) for the payment of all rent and for the full performance of the covenants and conditions of this Lease. No consent to any of the foregoing in a specific instance shall operate as a waiver in any subsequent instance, and no assignment shall be binding upon LESSOR or any of the LESSOR's mortgagees, unless LESSEE shall deliver to LESSOR an instrument in recordable form which contains a covenant of assumption by the assignee running to LESSOR and all persons claiming by, through or under LESSOR, but the failure or refusal of the assignee to execute such instrument of assumption shall not release or discharge assignee from its liability as a LESSEE for the payment of all rent and for the full performance of the covenants and conditions of this Lease, nor shall execution of such instrument of assumption affect the continuing primary liability of LESSEE for the payment of all rent and for the full performance of the covenants and conditions of this Lease. LESSOR has pre-approved the following subtenants and their affiliated companies: American DG Energy Inc., Alexandros Partners LLC, Pharos, LLC, Levitronix LLC, Levitronix Medical LLC, Levitronix Technologies LLC, Levitronix IP LLC, Tecogen Inc., HR Knowledge.

16. SUBORDINATION

LESSEE agrees at the request of LESSOR to subordinate this Lease to any first mortgage or other security interest hereafter created covering the Leased Premises or any portion of the Leased Premises and to any renewal, modification, replacement or extension or any existing first mortgage, or any mortgage or security interest hereinafter created and to any and all advances made or to be made thereunder, provided that the mortgagee or holder of such security interest agrees, for itself and its successors and assigns in writing with the LESSEE that so long as LESSEE shall not be in default under this Lease, the mortgagee or other holder of such security interest and its successors and assigns will not disturb the peaceful quiet enjoyment of the Leased Premises by the LESSEE. LESSEE also agrees that if this Lease is so subordinated, no entry under any mortgage or sale for the purpose of foreclosing the same shall be regarded as an eviction of LESSEE, constructive or otherwise, or give LESSEE any right to terminate this Lease, whether it attorns or becomes LESSEE of the mortgagee or new owner, and such mortgage, or security interest to which this Lease shall become subordinated may contain such other terms, provisions and conditions as are usual and customary. LESSEE agrees that it will, within ten (10) days of receipt of written request of the LESSOR, execute and deliver any and all instruments necessary or desirable to give effect to or notice of such subordination in such forms as may be required by such mortgagee or other holder of such security interest.

17. ESTOPPEL CERTIFICATES

Upon ten (10) days prior written request by LESSOR, LESSEE agrees to execute and deliver an estoppel certificate certifying that this Lease is unmodified and in full force and effect (or, if there have been any modifications that this Lease is in full force and effect as modified and stating the modifications) and the dates to which the Annual Fixed Rent, additional rent and other charges have been paid through and any other information reasonably requested. Any such statement delivered pursuant to this Article may be relied upon by any prospective purchaser, mortgagee or lending source.

18. LESSOR'S ACCESS

LESSOR or agents of LESSOR may at reasonable times enter to view the Leased Premises and may remove at LESSEE's

expense any signs, alterations or additions not approved and constructed or installed as herein provided, may make such repairs and alterations as LESSOR may deem necessary to avert an emergency, may make any repairs which LESSEE is required but has failed to do, and may show the leased premises to others.

19. ACCESS AND PARKING

LESSEE shall have the right, without additional charge, to use all of the parking spaces located within the parking area provided for the Leased Premises. LESSEE may not sublease any parking space so allocated. Said parking area plus any stairs, walkways or other common areas shall in all cases be considered extensions of the Leased Premises to the extent that they are utilized by LESSEE, or LESSEE's employees, visitors or business invitees. LESSEE will not obstruct in any manner any portion of the Building or the Property, or the walkways or approaches to said Building or Property, and will conform to all reasonable rules now or hereafter made by LESSOR for parking, and for the care, use, or alteration of the Property, its facilities and approaches. LESSOR shall have the right to impose reasonable controls on the operation of the parking area.

LESSEE further warrants that LESSEE will not permit any employee, visitor or invitee to violate this or any other covenant or obligation of LESSEE. No vehicle shall be stored or left in any parking area for more than fourteen consecutive nights without LESSOR's written approval. Unregistered or disabled vehicles, or storage trailers of any type, may not be parked overnight at any time. LESSEE agrees to assume all expense and risk for towing of any mis-parked vehicle belonging to LESSEE or LESSEE's agents, employees, business invites, or callers, at any time.

20. LESSEE'S LIABILITY INSURANCE

LESSEE will secure and carry at its own expense a comprehensive general liability policy insuring LESSEE AND LESSOR against any claims based on bodily injury (including death) or property damage arising out of the condition of the Leased Premises or their use by LESSEE, such policy to insure LESSEE and LESSOR against any claim up to Two Million Dollars ($2,000,000) per occurrence for injury or death to one person, and One Million Dollars ($1,000,000) for damage to property. Such limits shall be subject to increase from time to time during the Lease Term. The amount of such insurance shall not limit LESSEE's liability nor relieve LESSEE of any obligation hereunder.

Upon commencement of the Lease Term LESSEE will promptly file with LESSOR certificates reasonably satisfactory to LESSOR showing that such insurance is in force, accompanied by evidence of the payment of the premium for the policy, and thereafter will file renewal certificates at least thirty (30) days prior to the expiration of any such policies. All such insurance certificates shall provide that such policies shall not be canceled nor materially changed without at least twenty (20) days prior written notice to each assured named therein. LESSEE may, at LESSEE's cost, maintain such other liability insurance as LESSEE may deem necessary to protect it.

LESSEE shall assume exclusive control of the Leased Premises, and all tort liabilities incident to the control or ownership thereof, and agrees to indemnify and hold the LESSOR free and harmless from any and all liability, penalties, losses, damages, costs and expenses, causes of action, claims or judgments or encumbrances created or suffered by the LESSEE, and from any and all liability, penalties, losses, damages, costs and expenses, causes of action, claims, or judgments arising from injury to persons or property of any nature on the Leased Premises or the Property, occasioned by any acts or omissions of the LESSEE or of its employees, agents, invitees, visitors, callers, servants, sub lessees, or independent contractors, and arising out of the use or occupation of said Leased Premises or by reason of the bursting or leakage of pipes; from any neglect or misuse on the Leased Premises or by any reason of nuisance made or suffered on the Leased Premises; and also against all legal costs and charges, including counsel fees, reasonably incurred in and about such matters and the defense of any action arising out of the same, or in discharging the Leased Premises or any part thereof from any and all liens that may be placed thereon from charges incurred by LESSEE. If LESSOR intervenes in or becomes a party to any such action or actions growing out of this Lease to protect its rights, then the LESSEE shall pay LESSOR's reasonable attorney's fees in such action or actions.

21. WAIVER OF SUBROGATION

Any casualty and liability insurance carried by LESSEE pursuant to Paragraph 20, shall include a clause or endorsement denying to the insurer rights of subrogation against the other party to the extent rights have been waived by the insured prior to the occurrence of injury or loss. Each party, notwithstanding any provisions of this Lease to the contrary, hereby waives any rights of recovery against the other for injury or loss due to hazards covered by such insurance containing such antisubrogation clause or endorsement to the extent of the indemnification received thereunder.

22. FIRE, CASUALTY, EMINENT DOMAIN

Should a substantial portion of the Leased Premises, or of the Property, be substantially damaged by fire or other casualty, or by action of public or other authority in consequence thereof, or be taken by eminent domain, or should LESSOR receive compensable damage by reason of anything lawfully done in pursuance of public or other authority, this Lease shall terminate at either party's election, which may be made notwithstanding LESSOR's entire interest may have been divested, by written notice given to the other within sixty (60) days after the occurrence of the event giving rise to the election to terminate, which notice shall specify the effective date of termination.

The effective date of any termination by either party under this Article shall be not less than fifteen (15) nor more than thirty (30) days after the date of such notice of the termination. For the purposes of this Article, damage or taking shall be considered substantial if the time needed for LESSOR to perform repairs and/or construction necessary to put the Leased Premises or such remainder in proper condition for use and occupation is estimated by LESSOR to exceed six (6) months, or if more than thirty (30) percent of the non-wetlands land area of the Property, or if more than thirty (30) percent of the Leased Premises are so taken. In case of any such damage or taking, LESSOR shall notify LESSEE within thirty (30) days after the occurrence thereof of Lessor's estimate of the time needed to perform the repairs and/or construction necessary to put the Leased Premises or such remainder in proper condition for use and occupancy, or of the percentage of the non-wetlands land area, or of the Building, or of the Leased Premises taken.

If in any such case the Leased Premises are rendered unfit for use and occupation and the Lease is not so terminated, LESSOR shall use due diligence to put the Leased Premises, or in case of taking what may remain thereof (excluding any items installed or paid for by LESSEE, which LESSEE may be required to remove), into proper condition for use and occupation and a just proportion of the Annual Fixed Rent and any additional rent according to the nature and extent of the injury shall be abated until the Leased Premises or such remainder shall have been put by Lessor in such condition and in case of a taking which permanently reduced the area of the Leased Premises, a just proportion of the Annual Fixed Rent and additional rent shall be abated for the remainder of the Lease Term.

LESSOR reserves to itself any and all rights to receive awards made for damages to the Leased Premises and the Property and the leasehold hereby created, or any one or more of them, accruing by reason of exercise of eminent domain or by reason of anything lawfully done in pursuance of public or other authority. LESSEE hereby releases and assigns to LESSOR all of LESSEE's to such awards, and covenants to deliver such further assignments and assurances thereof as LESSOR may from time to time request. It is agreed and understood, however, that LESSOR does not reserve to itself, and LESSEE does not assign to LESSOR, any damages payable for (1) movable trade fixtures installed by LESSEE or anybody claiming under LESSEE at its own expense or fixtures or items the removal of which is required or permitted by any agreement given pursuant to the Lease, or (ii) relocation expenses recoverable by LESSEE from such authority in a separate action.

23. INTERRUPTIONS

LESSOR shall not be liable to LESSEE for any compensation or reduction of rent by reason of inconvenience or annoyance or for loss of business arising from power and other utility losses, shortages or malfunctions, the necessity of LESSOR's entering the Leased Premises for any of the purposes in this Lease authorized, or for repairing the Leased Premises or any other portion of the Property however the necessity may occur. In case Lessor is prevented or delayed from making repairs, alterations or improvements, or furnishing any services or performing any other covenant or duty to be performed on LESSOR's part, by reason of any and all causes reasonably beyond LESSOR's control, LESSOR shall not be liable to LESSEE therefor, nor shall LESSEE be entitled to any abatement or reduction of rent by reason thereof, nor shall the same give rise to a claim in LESSEE's favor that such failure constitutes actual or constructive, total or partial, eviction from the Leased Premises. LESSOR reserves the right to stop any service or utility system, when necessary by reason of accident or emergency, or until necessary repairs have been completed, provided, however, that in each instance of stoppage, LESSOR shall exercise reasonable diligence to eliminate the cause thereof.

24. BROKERAGE

LESSEE warrants and represents to LESSOR that LESSEE has dealt with no broker with respect to this Lease and LESSEE agrees to indemnify LESSOR against any brokerage claims arising by virtue of this Lease, other than from Brokers named herein. LESSOR warrants and represents to LESSEE that LESSOR has employed no exclusive broker or agent in connection with the letting of the Leased Premises other than the Brokers named herein, whom it will be LESSOR’s responsibility to pay by separate agreement, and agrees to indemnify LESSEE against any brokerage claims arising by virtue of this Lease.

25. SIGNS

LESSEE shall be permitted to display a sign subject to obtaining the appropriate approvals from the City of Waltham, provided the LESSEE shall, however, first obtain the written consent of LESSOR, and any approvals required under applicable by-laws or regulations, before erecting any sign on the Property, and shall obtain written approval as to size, content, appearance, and locations of all authorized signs. All existing signs utilized by Lessee and its subtenants are hereby approved.

26. DEFAULT, BANKRUPTCY AND ACCELERATION OF RENT.

In the event that: (a) LESSEE files a petition for adjudication as a bankrupt or shall be declared bankrupt or insolvent according to law, or if an involuntary petition under any of the provisions of the Bankruptcy Act is filed against LESSEE and is not dismissed within sixty (60) days thereafter, or if any assignment shall be made of LESSEE's property for the benefit of creditors or (b) LESSEE shall default the observance or performance of any of LESSEE's covenants, agreements, or obligations hereunder, other an substantial monetary payments as provided below, and such default shall not be corrected with fifteen (15) days after written notice thereof; or (c) LESSEE vacates the Leased Premises or permits them to be unoccupied for a period exceeding 30 days other than during LESSEE's customary non-business hours, then LESSOR shall have the right thereafter, while such default continues, and without demand or further notice to re-enter and take complete possession of the Leased Premises, or declare the term of this Lease ended, and to remove LESSEE's effects without becoming guilty of any manner of trespass, and without prejudice to any remedies which might be otherwise used for arrears of rent or other default or breach of covenant. In addition to the foregoing, if LESSEE shall default in the payment of the security deposit, or Annual Fixed Rent, taxes, additional rent, or any other substantial invoice for goods and/or services or other sum herein specified, and such default shall continue for ten (10) days after written notice thereof, and, because both parties agree that nonpayment of said sums when due is a considerable and significant breach of the Lease, and, because the payment of rent in monthly installments is for the sole benefit and convenience of LESSEE, then the entire balance of rent which otherwise accrue hereunder shall, at the option of LESSOR, become immediately due and payable, and, in addition, LESSOR shall have all other rights of LESSOR, as set forth in this Article, for a default by LESSEE.

LESSOR, without being under any obligation to do so and without thereby waiving any default, may remedy same for the account and at the expense of LESSEE. If LESSOR pays or incurs any obligations for the payment of money in connection therewith, including but not limited to reasonable attorney's fees in instituting, prosecuting or defending any action or proceeding, such sums paid or obligations incurred plus interest at the rate of eighteen (18) percent per annum and costs, shall be paid by LESSOR by LESSEE as additional rent. Any sums received by LESSOR shall be applied first to any unamortized improvements completed for LESSEE's occupancy, then to offset any outstanding invoice or other payment due to LESSOR, with the balance applied to outstanding rent. Notwithstanding the foregoing, LESSEE agrees to pay reasonable attorney's fees incurred by LESSOR in enforcing any or all obligations of LESSEE under this Lease at any time.

Any and all rights and remedies which LESSOR may have under this Lease, at law and equity, shall be cumulative and shall not be deemed inconsistent with each other, and any two or more of all such rights and remedies may be exercised at the same time insofar as permitted by law.

27. LIABILITY LIMITATIONS

LIABILITY OF LESSOR. LESSEE acknowledges and agrees that Owner shall not be liable or responsible in any way to LESSEE or any other person for:

(i) any Injury arising from or out of any occurrence in, upon, at, or relating to the property including the premises, or any part thereof or any loss or damage to property (including loss of use thereof) of LESSEE or any other Person located on the property including the premises or any party thereof from any cause whatsoever, whether or not such injury, loss, or damage results from any fault, default, negligence, act, or omission of Owner or its agents, servants, employees, or any other Person for whom Owner is in law responsible;

(ii) any Injury to LESSEE or any other Person or loss or damage to property resulting from: fire; smoke; explosion; falling plaster, ceiling tiles, fixtures or signs; broken glass; steam; gas; fumes; vapors; odors; dust; dirt; grease; acid; oil; any hazardous material or substance; debris; noise; air or noise pollution; theft; breakage; vermin; electricity; computer or electronic equipment or systems malfunction or stoppage; water; rain; flood; flooding; freezing; tornado; windstorm; snow; sleet; hail; frost; ice; excessive heat or cold; sewage; sewer backup; toilet overflow; or leaks or discharges from any part of the property (including the Premises), or from any pipes, sprinklers, appliances, equipment (including without limitation, heating, ventilating, and air conditioning equipment); electrical or other wiring; plumbing fixtures; roof(s), windows, skylights, doors, trapdoors, or subsurface of any floor or ceiling of any part of the Property, or from the street or any other place, or by dampness or climatic conditions, or from any other cause whatsoever;

(iii) any Injury, loss, or damage caused by other LESSEEs or any Person on the property, including the premises, or by

occupants of adjacent property thereto, or by the public, or by construction or renovation, or by any private, public, or quasi-public work, or by interruption, cessation, or failure of any public or other utility service, or caused by Force Majeure;

(iv) any Injury to LESSEE or any other Person or any loss or damage suffered to the Premises or the contents thereof by reason of Owner or its representatives entering the Premises to undertake any work therein, or to exercise any of Owner's rights or remedies hereunder, or to fulfill any of Owner's obligations hereunder, or in the case of emergency; or

(v) any Injury, loss, or damage to property caused by perils insured against or required to be insured against by LESSEE pursuant to Section 20. LESSEE shall promptly indemnify and hold Owner harmless from and against any and all claims in connection with any Injury or any loss or damage to property referred to in this Section.

Notwithstanding anything in this Lease to the contrary, if the LESSOR shall fail to fulfill any covenant, term or condition of this Lease on LESSOR's part to be performed, or if LESSOR is guilty of negligence, LESSEE shall recover a money judgment against LESSOR, such judgment shall be satisfied only out of the proceeds of sale received upon execution of such judgment and levy thereof against the right, title and interest of LESSOR in 45 First Avenue, Waltham, Massachusetts only, and neither LESSOR, nor any of the Managers, Board of Directors, Shareholders, or former Limited Partners designated herein, as LESSOR comprising any limited liability corporation designated herein as LESSOR shall be personally liable for any judgment rendered against the LESSOR or any deficiency thereunder. It is agreed that in no event shall the LESSEE have any right to levy execution against any other property of the LESSOR including, but not limited to, any other property owned, managed or controlled by the Limited Partnership, other than its interest in 85 First Avenue, Waltham, Massachusetts, LESSOR shall be released from all liability and obligation hereunder. IN NO EVENT SHALL LESSOR EVER BE PERSONALLY LIABLE TO THE LESSEE, OR ANYONE CLAIMING, BY UNDER OR THROUGH THE LESSEE, FOR CONSEQUENTIAL OR LIQUIDATED DAMAGES, SUCH DAMAGES OR CLAIMS, THEREFORE, BEING HEREBY EXPRESSLY WAIVED BY LESSEE.

LIABILITY OF LESSEE. If the LESSEE fails to fulfill to any covenant, term or condition of this Lease on LESSEE's part to be performed, or if LESSEE is guilty of negligence with regard to any party claiming by, under or through the LESSOR and, a s a consequence of such default and/or negligence, LESSOR shall recover a money judgment against LESSEE, such judgment shall be satisfied only out of the proceeds of sale received upon execution of such judgment and levy thereof against the right, title and interest of the LESSEE Corporation, and non e of the LESSEE Corporation's officers, directors, shareholders, shall be personally liable for any judgment rendered against the LESSEE or any deficiency thereunder. It is agreed that in no event shall the LESSOR have any right to levy execution against any other property of the LESSEE including, but not limited to, any other property or business interest owned, managed or controlled by the LESSEE Corporation, other than its interest in the business located at the Premises. IN NO EVENT SHALL LESSEE EVER BE PERSONALLY LIABLE TO THE LESSOR, OR ANYONE CLAIMING BY, UNDER OR THROUGH THE LESSOR, FOR CONSEQUENTIAL DAMAGES, SUCH DAMAGES OR CLAIMS, THEREFORE, BEING HEREBY EXPRESSLY WAIVED BY LESSOR.

28. NO ACCORD AND SATISFACTION

No acceptance by LESSOR of a lesser sum than the Annual Fixed Rent and additional rent then due shall be deemed to be other than on account of the earliest installment of such rent due, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent be deemed an accord and satisfaction, and LESSOR may accept such check or payment without prejudice to LESSOR's right to recover the balance of such installment or pursue any other remedy provided in this Lease.

29. NOTICES

Any notice from LESSOR to LESSEE relating to the Leased Premises or to the occupancy thereof, shall be deemed duly served, if left at the Leased Premises addressed to LESSEE, or if sent to the Leased Premises by certified mail, return receipt requested, postage prepaid, addressed to LESSEE. Any notice from LESSEE to LESSOR relating to the Leased Premises, the occupancy thereof, or this Lease shall be deemed duly served if delivered to LESSOR by certified mail, return receipt requested, postage prepaid, addressed to LESSOR as follows:

ATLANTIC-WALTHAM INVESTMENT II, LLC
c/o Atlantic Management Corporation
205 Newbury Street
Framingham, MA 01701

With a copy to:
Robert Orsi, Esq.
Orsi Arone Rothenberg
160 Gould Street
Needham, MA 02494-2300

If to LESSEE:
Tecogen Inc.
45 First Avenue
Waltham, MA 02451

With a copy to:
William O. Flannery, Esq.
945 Lenox Road
Richmond, Massachusetts 01254

or at such other address as LESSOR may from time to time in writing designate. Time is of the essence in the delivery any notice.

30. OCCUPANCY/HOLDOVER

In the event that LESSEE takes possession of said premises prior to the Lease Commencement Date, LESSEE will perform and observe all of LESSEE's covenants from the date upon which LESSEE takes possession except the obligation for the payment of extra rent for any period of less than one month. LESSEE shall not remove LESSEE's goods or property from the Leased Premises other than in the ordinary and usual course of business, without having first paid and satisfied LESSOR for all rent which may become due during the entire term of this Lease. In the event that LESSEE continues to occupy or control all or any part of the Leased Premises after the agreed termination date of this Lease without the written permission of LESSOR, then all other terms of this Lease shall continue to apply except that LESSEE shall be liable to LESSOR for any and all loss, damages or expenses incurred by LESSOR, and rent shall be due in full monthly installments at a rate of two hundred (200%) percent of that which would otherwise be due under this Lease, it being understood between the parties that such extended occupancy as a LESSEE at sufferance is solely for the benefit and convenience of LESSEE and such has greater rental value. LESSEE's control or occupancy of all or any part of the Leased Premises beyond noon on the last day of any monthly rental period shall constitute LESSEE's occupancy for an entire additional month, and increased rent as provided in this Article shall be due and payable immediately in advance.

31. FIRE PREVENTION

LESSEE agrees to use every reasonable precaution against fire and agrees to provide and maintain approved, labeled fire extinguishers and emergency lighting equipment within the Leased Premises as required or recommended by the Insurance Services Office (or successor organization), OSHA, and/or local authorities.

32. OUTSIDE AREA

No goods, equipment, or things of type or description shall be held or stored outside the Leased Premises at any time without express written approval from LESSOR. Any goods, equipment or things left outside the Leased Premises without LESSOR's prior written consent shall be deemed abandoned and may be removed without notice by LESSOR. LESSEE agrees

to pay upon written notice all reasonable charges, as additional rent, associated with said removal. A single two-yard capacity dumpster is hereby authorized for the disposal of trash, providing that the location of said receptacle is approved by LESSOR and LESSEE agrees to have said container provided and serviced at its expense by whichever disposal firm may from time to time be designated by LESSOR. LESSOR approves the two storage containers and the cement storage unit constructed in the parking lot.

33. ENVIRONMENT

LESSEE will so conduct and operate the Leased Premises as not to interfere in any way with the use and enjoyment of other portions of the same or neighboring buildings by others by reason of odors, smells, noise, vibration, pets accumulation of garbage or trash, vermin or other pests, or otherwise, and will at its expense employ a professional pest control service if necessary. LESSEE agrees to maintain efficient and effective devices for preventing damage to heating equipment from harmful solvents, degreasers, cutting oils, etc. which may be used within the Leased Premises. No hazardous waste or chemical waste, other than those set forth in Exhibit “C” attached hereto, shall be used, generated, stored, disposed of or allowed to remain within the leased premises or the property at any time, and the LESSEE shall be solely responsible for any and all corrosion or other damages associated with the improper use, generation, storage, and control of the same by the LESSEE. The LESSEE agrees that it shall be solely and exclusively responsible for obtaining all appropriate Federal, State and Local Permits for the handling and disposal of such waste and shall indemnify, reimburse and hold the LESSOR harmless for any damages, actions, causes of actions, attorney's fees or any other costs incurred should such hazardous waste spill on the property of the LESSOR. LESSOR shall be notified of the existence and conditions of all Local, State and Federal Permits, as well as any changes of permit status.

34. RESPONSIBILITY

LESSOR shall not be held liable to anyone for loss or damage caused in any way by the use, leakage, seepage or escape of water from any source, or for the cessation of any service rendered customarily to the Property, or agreed to by the terms of this Lease, due to any accident, to the making of repairs, alterations or improvements, to labor shortages or disputes, weather conditions, or mechanical breakdowns, to trouble or scarcity in obtaining fuel, electricity, service or supplies from the sources from which they are usually obtained for the Property, or to any cause beyond LESSOR's immediate control.

35. SURRENDER

LESSEE shall at the expiration or other termination of this Lease remove all of the LESSEE's goods and effects from the Leased Premises. LESSEE shall deliver to LESSOR the Leased Premises and all keys, access control cards (if used in the Building) locks, and other fixtures and equipment connected therewith, and all alterations, additions and improvements made to or upon the Leased Premises, including but not limited to any offices, partitions, floor coverings (including computer floors), window shades and blinds, plumbing and plumbing fixtures, air conditioning equipment and duct work of any type, exhaust fans or heaters, water coolers, burglar alarms, telephone wiring, telephone equipment (excluding telephone handsets and switching equipment), wooden or metal shelving which has been bolted, welded or otherwise attached to the Building, air or gas distribution piping, compressors, overhead cranes, hoists, trolleys or conveyors, counters or signs attached to walls or floors, and all electrical work, including but not limited to lighting fixtures of any type, wiring, conduit, EMT, distribution panels, bus ducts, raceways, outlets and disconnects, unless otherwise directed by LESSOR in writing. LESSEE shall deliver the Leased Premises broom clean and in the same condition as they were at commencement of the Lease Term, or as they were put in during the Lease Term, reasonable wear and tear and damage by fire or other casualty only accepted. In the event of LESSEE's failure to remove any of LESSEE's property from the Leased Premises, LESSOR is hereby authorized, without liability to LESSEE for loss or damage thereto, and at the sole risk of LESSEE, to remove and store any such property at LESSEE's expense, or to retain same under LESSOR's control, or to sell at public or private sale (without notice), any or all of the property not so removed and to apply the net proceeds of such sale to the payment of any sum due hereunder, or to destroy such property which shall be conclusively deemed to have been abandoned. In no case shall the Leased Premises be deemed surrendered to LESSOR until the expiration date provided herein or such other date as may be specified in a written agreement between the parties and attached hereto.

36. LEGAL

In case LESSOR shall be made party to any litigation commenced by or against LESSEE or by or against any parties in possession of the Leased Premises or any party thereof claiming under LESSEE, LESSEE shall pay, as additional rent, all costs, including without limitation reasonable counsel fees incurred by or imposed upon LESSOR in connection with such litigation, and shall also pay, as additional rent, all such costs and fees incurred by LESSOR in connection with the enforcement by LESSOR of any obligations of LESSEE under this Lease. LESSEE shall defend, save harmless and indemnify LESSOR from any liability or injury, loss, accident or damage to any person or property, and from any claims, actions, proceedings and expenses and costs in connection therewith (including without limitation reasonable counsel fees) (i) arising from the omission, fault, willful act, negligence or other misconduct of LESSEE or from any use made or thing done or occurring on the Leased Premises not due to

the omission, fault, willful act, negligence or other misconduct of LESSOR or (ii) resulting from the failure of LESSEE to perform and discharge its covenants and obligations under this Lease.

37. GENERAL

(a) The invalidity or unenforceability of any provision of this Lease shall not affect or render invalid or unenforceable any other provision hereof.
(b) The obligations of this Lease shall run with the land, and this Lease shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that LESSOR shall be liable only for obligations occurring before the beginning of the Lease Term, or thereafter while owner of the entire Property.
(c) If LESSOR is acting under any trust or corporation the obligations of LESSOR shall be binding upon the trust, estate or corporation, but not upon any trustee, officer, corporate officer, shareholder, or beneficiary of the trust or corporation individually.
(d) This Lease is made and delivered in the state of Massachusetts, and shall be interpreted, construed, and enforced in accordance with the laws thereof.
(e) This Lease was the result of negotiations between parties of equal bargaining strength, and when executed by both parties shall constitute the entire agreement between said parties. NO other oral or written representation shall have any effect hereon, and this agreement may not be altered, extended or amended except by written agreement attached hereto or as otherwise provided herein.
(f) Notwithstanding any other statements herein, LESSOR makes no warranty, express or implied, concerning the suitability of the Leased Premises for LESSEE's intended use.
(g) LESSEE agrees that if LESSOR does not deliver possession of the Leased Premises as herein provided, LESSOR shall not be liable for any damages to LESSEE for such failure, but LESSOR agrees to use reasonable efforts to obtain possession for LESSEE on or before the lease Commencement Date, as it may be extended pursuant to the provisions of this Lease.
(h) LESSOR shall have the right to issue to LESSEEs including LESSEE, and from time to time to revise, reasonable written Rules and Regulations pertaining to the Property, and LESSEE shall upon receipt of said Rules and Regulations, and any revision(s) thereof, abide by same.

38. WAIVERS, ETC

No consent of waiver, express or implied, by LESSOR, to or of any breach of any covenant, condition or duty of LESSEE shall be construed as a consent or waiver to or of any other breach of the same or any other covenant, condition or duty. If LESSEE is several persons or a partnership LESSEE's obligations are joint and also several.

39. OPTION TO EXTEND

On the conditions (which conditions LESSOR may waive, at its election, by written notice to LESSEE at any time) that LESSEE is not in default of its covenants and obligations under the Lease beyond applicable notice and cure periods, both as of the time of exercise of the Option to Extend, as hereinafter defined, and at the commencement of the Extension Period, as hereinafter defined, then LESSEE shall have the right to extend the term hereof (the “Option to Extend”) for one additional term of five years, ending on March 31, 2019 (the “Extension Period’), to commence immediately upon the expiration of the then current term.

LESSEE may exercise such Option to Extend by giving written notice to LESSOR (the “Extension Notice”) on or before the date which no less than twelve (12) months prior to the expiration of the then current Term. Such Extension Period shall be upon the same terms and conditions of this Lease, except that the Base Rent payable shall be set at the then fair market effective rent for the Leased Premises. In no event, however, shall the Base Rent be less than the then-current Base Rent at the expiration of the current Term. For the purpose of this Section, fair market effective rent shall mean the Base Rent plus such additional financial terms in the nature of rent and rent adjustments customarily then being included in leases for similar space within the greater Waltham area. LESSEE shall, during the Extension Period, continue to pay its proportionate share of LESSOR’s Real Estate Taxes and Operating Costs. Said fair market effective rent for the Leased Premises shall be agreed upon by LESSOR and LESSEE; provided, however, if LESSOR and LESSEE are unable to agree on said fair market effective rent within thirty (30) days of the date of the Extension Notice, said fair market effective rent shall be conclusively determined by three (3) appraisers. Within fifteen (15) days of the expiration of such thirty (30) day period, LESSOR and LESSEE shall each select an appraiser, who shall select a third. Should the two appraisers fail to agree on a third within fifteen (15) days of the date on which such appraisers have been appointed, or if either LESSOR or LESSEE shall fail to appoint an appraiser within the time provided, such appraiser shall be appointed by the American Institute of Appraisers. Each party shall bear the cost of the appraiser selected by such party, and the cost of the third appraiser shall be shared equally by LESSOR and LESSEE. If the three appraisers are unable to agree upon such fair market effective rent within fifteen (15) days of the appointment of the third appraiser, the fair market

effective rent shall be that determined by the appraiser not selected by either LESSOR or LESSEE.

40. CERTIFICATE

If the LESSEE is a corporation, each of the persons executing this instrument on behalf of the LESSEE, hereby covenants and warrants that the LESSEE is a duly existing and valid corporation and that the LESSEE is qualified to do business in Massachusetts. Further, if the LESSEE is a corporation, the LESSEE shall deliver to the LESSOR, at the time of execution of this Lease, a Clerk's or Secretary's Certificate in the form attached hereto as Exhibit "D" (or other suitable form satisfactory to counsel for the LESSOR), as to the due authorization of the execution of this Lease and incumbency of the signing officer.

IN WITNESS WHEREOF, LESSOR AND LESSEE have hereunto set their hands and seals and intend to be legally bound hereby this 14th day of May, 2008.

LESSOR:	LESSEE:
ATLANTIC-WALTHAM INVESTMENTS II, LLC	TECOGEN INC.
By Its Agent,	
Atlantic Management Corporation	
By:	By:
David Capobianco	Robert A. Panora
Managing Partner	President

LOADING DOCK CERTIFICATE

The Lessor and LESSEE hereby agree and certify to one another the following condition/damage with respect to the premises.

LOADING DOCK(S):

1.

2.

3.

LESSOR: ATLANTIC-WALTHAM INVESTMENT II, LLC

By Its Agent,
Atlantic Management Corporation
By:
David Capobianco
Managing Partner

LESSEE: TECOGEN INC.

By:
Robert A. Panora
President

EXHIBIT A

DESCRIPTION OF PROPERTY

Parcel I - 45 First Avenue, Waltham, Massachusetts

The land with the buildings thereon and all equipment and fixtures now or hereafter thereon which are, or can by agreement of the parties be made a part of the realty, situated in Waltham, Middlesex County, Massachusetts, shown on a Plan entitled "Plan of Land in Waltham, Mass." dated July 18, 1956, recorded with a deed from Gerald W. Blakeley et al. Trustees, to Crucible Center Company in Middlesex South District, Deeds, Book 8785, Page 573, bounded and described as follows:

SOUTHEASTERLY	by the Northwesterly Side Line of First Avenue, three hundred sixty-seven feet;
SOUTHWESTERLY	by land of Blakeley, et al., two hundred ninety-five feet;
NORTHWESTERLY	by land now or formerly of Thomas I. Griggs, three hundred sixty-seven feet; and
NORTHEASTERLY	by the parcel of land shown on said Plan as containing 130,000 square feet, two hundred ninety-five feet.

Containing 108,265 square feet of land.

Subject to and with the benefit of easements and restrictions of record, if any, insofar as the same are now in force and applicable.

For title to Parcel I, see deed from Peter Van and Champe A. Fisher, as Trustees under a Declaration of Trust made by Lillian Benjamin and Abram Berkowitz dated January 5, 1968, as amended, to Thermo Electron Corporation and recorded with the Middlesex County (Southern District) Registry of Deeds at Book 16046, Page 94.

EXHIBIT B

DATA CERTIFICATE

The Lessor and LESSEE hereby agree and certify to one another the following:

1. The Commencement Date of the lease is April 1, 2009.

2. The Expiration Date of the original term of this lease is March 31, 2014.

LESSOR: ATLANTIC-WALTHAM INVESTMENT II, LLC

By Its Agent,
Atlantic Management Corporation
By:
David Capobianco
Managing Partner

LESSEE: TECOGEN INC.

By:
Robert A. Panora
President

EXHIBIT C

LIST OF HAZARDOUS WASTES USED AT THE PREMISES

The Company does not dispose any hazardous wastes at the premises.

EXHIBIT D

CLERK'S CERTIFICATE

I, Anthony S. Loumidis Clerk of TECOGEN INC., hereby certify that a meeting of the Board of Directors of said Corporation duly held at the offices of the Corporation, held on February 13, 2008, at which meeting a quorum of the Directors was present and voting throughout approval was given for the Corporation, as LESSEE, to enter into a Lease with ATLANTIC-WALTHAM INVESTMENT II, LLC, Lessor, for approximately 43,000 square feet of space at 45 First Avenue, Waltham, Massachusetts, and said Lease to be for a term of five (5) years at a rent of (see * below) Dollars per year, as adjusted, a copy of which Lease is hereto attached and made a part hereof.

I further certify that, Robert A. Panora, President of the Corporation has authority to execute and deliver to the Lessor the Lease on behalf of the Corporation upon the above terms.

WITNESS my hand and seal of the Corporation, this 14th day May, 2008.

(Affix Corporate Seal)

Annual Base (Fixed) Rent for the Lease Term:

Years1-2:	43,000 s.f X $10.50/s.f = $451,500.00 per year or $37,625.00 per month
Year3-5:	43,000 s.f X $11.50/s.f = $494,500.00 per year or $41,208.33 per month

EXHIBIT E

OPERATING EXPENSES

- Schedule of estimated 2009 annual operating expenses

- Real estate taxes for 2008

Exhibit 10.8

SECOND AMENDMENT TO LEASE

This SECOND AMENDMENT TO LEASE is by and between ATLANTIC-WALTHAM REALTY, LLC, a Massachusetts Limited Liability Company, with a usual place of business c/o Atlantic Management Corporation, 205 Newbury Street, Framingham, Massachusetts 01701, hereinafter called LESSOR, and Tecogen Inc., a Delaware corporation, with a usual place of business at 45 First Avenue, Waltham, MA 02451, hereinafter called LESSEE, and is dated January 16, 2013.

Reference is made to the following facts:

A. On May l4"', 2008, Atlantic-Waltham Investment II, LLC and the Lessee entered into a lease (the "Lease") for certain premises located at 45 First Avenue, Waltham, Massachusetts, which lease was amended by a First Amendment to Lease dated October 1, 2008.
B. The parties wish to amend the Lease to extend the term of the Lease and provide for certain other amendments of the Lease, as provided below.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Effective on April 1, 2014, the parties hereby extend the term of the Lease, such that the term is extended from April 1, 2014, to March 31, 2024 (the "Extended Term").

2. Rent for the Extension Term shall be as follows;

Annual Bare (Fixed) Rent for the Lease Term:

Apr 1, 2014- Mar. 31, 2015: 43,000 s.f. X $11.00/s.f. = $473,000.00 ($39,416.67 per month)
Apr 1, 2015- Mar. 31, 2016: 43,000 s,f. X $11.16/s.f. = $479,880.00 ($39,990.00 per month)
Apr 1, 2016- Mar. 31, 2017: 43,000 s.f. X $11.32/s.f. = $486,760.00 ($40,563.33 per month)
Apr 1, 2017- Mar. 31, 2018: 43,000 s.f. X $11.48/s.f. = $493,640.00 ($41,136.67 per month)
Apr 1, 2018- Mar. 31, 2019: 43,000 s.f. X $11.65/s.f. = $500,950.00 ($41,745.83 per month)
Apr 1, 2019- Mar. 31, 2020: 43,000 s.f. X $11.82/s.f. = $508,260.00 ($42,355.00 per month)
Apr 1, 2020- Mar. 31, 2021: 43,000 s.f. X $11.99/s.f. = $515,570.00 ($42,964.17 per month)
Apr 1, 2021- Mar. 31, 2022: 43,000 s.f. X $12.17/s.f. = $523,310.00 ($43,609.17 per month)
Apr 1, 2022- Mar. 31, 2023: 43,000 s.f. X $12.35/s.f. = $531,050.00 ($44,254.17 per month)
Apr l, 2023- Mar. 31, 2024: 43,000 s.f. X $12.53/s.f. = $538,790.00 ($44,899.17 per month)

3. Section 1 of the Lease is hereby amended by adding the following provisions concerning the Extended Term:

"1. SUMMARY OF TERMS

Extended Term: *Ten Years*

Extended Term Commencement Date: *April 1, 2014*

Extended Term Rent Commencement Date: *April 1, 2014*

Extended Term Termination Date: *March 31, 2024*

4. The Extended Term shall commence on the Extended Term Commencement Date, and shall expire on the Extended Term Expiration Date, subject to the terms and conditions of the Lease.

5. Tenant shall pay to Landlord, additional rent as estimated payments of Taxes, one-twelfth (1/12) of the sum, if any, shown to be due in the tax bill for the current fiscal year. Such payments shall be credited to the sum, if any, finally determined to be payable for the fiscal year pursuant to the real estate tax bill, with the excess estimated payments, if any, credited to the following months' estimated payments (or refunded to Tenant if the Term shall have ended). Landlord shall provide Tenant with a copy of all bills/invoices for Taxes within thirty (30) days after receipt thereof.

6. Notwithstanding any provision in the Lease to the contrary, in lieu of Landlord maintaining the Building and parking areas, and charging Tenant for operating expense costs or maintenance costs, as provided in Paragraph 8 and Paragraph l3 of the Lease, Tenant agrees to take on all reasonability for maintenance of the building containing the Premises and the parking and landscaped areas, set forth as either Landlord or Tenant obligations under Paragraph 8 and Paragraph 13 of the Lease (Tenant's Maintenance Obligations"), such that Landlord shall have no responsibility for maintenance of the Premises, the building of which the Premises are part, and parking and landscaped areas. Tenant's sole remaining payments to Landlord related to the Operating Expenses of the building, will be for insurance costs, and for water and sewer usage, as provided in the lease. Provided, however, that Tenant agrees that Tenant will perform Tenant's Maintenance Obligations to the same standards to which Landlord maintains the properties located at 74-76 West Street and 85 First Street in Waltham, Massachusetts. If Tenant shall default in the performance or observance of Tenant's Maintenance Obligations, and shall not cure such default within five (5) business days after notice from Landlord specifying such default (or if such default cannot by its nature be cured within such five (5) day period, shall not within such period commence to cure such default and thereafter prosecute the curing of such default to completion with due diligence), or, if such default is of an emergency nature, without giving prior notice to Tenant, Landlord may, at its option, without waiving any claim for damages, at any time thereafter cure such default for the account of Tenant, and any amount paid or any contractual liability incurred by Landlord in so doing shall be deemed paid or incurred for the account of Tenant, Tenant agreeing to reimburse Landlord therefor within five (5) business days of a presentation of an invoice therefore. If Tenant shall fail lo reimburse Landlord upon demand for any amount paid for the account of Tenant hereunder, such amount shall be added to and become due as part of the next payment of rent due hereunder, together with interest accrued thereon from the date of expenditure at the rate of twelve (12) percent per annum.

7. Landlord will remove the remaining metal exit door and replace it with a new metal exit door of similar quality to that installed by Tenant, within sixty (60) days of the date of this Amendment. Landlord will replace certain glass panels/windows identified with broken seals in the mezzanine area and front entrance. Otherwise, Tenant accepts the Premises in its "as is" condition as of the Extended Term Commencement Date, subject to the terms and conditions of the Lease.

8. Tenant has requested that Landlord install a mechanical gale with an FOB reader that will accommodate access to the Premises from West Street, for up to 25-30 employees of tenant. Such a gate would also accommodate access to 74-76 West Street for up to 2-4 employees of Landlord's affiliate's tenant, Equinix. The location of the gate to be constructed is shown on the plan attached hereto as Exhibit A (need exhibit A). Landlord is willing to install such mechanical gate, but installation of such gate would be subject to the approval of Equinix. Therefore, Landlord agrees to use reasonable efforts to obtain the approval of Equinix to the installation of such mechanical gate. Provided that Equinix grants such consent, Landlord agrees, within a reasonable period or time thereafter, to use all diligent efforts to install such a gate. The cost of acquisition and installation of the mechanical gate will be paid by Tenant, within fifteen (15) days after presentation of an invoice therefor from Landlord. Landlord currently estimates the cost to obtain and install the gate to be $8,500.00, but in any event Tenant's contribution toward the gate shall be capped at $8,500.00. Tenant agrees that up to 4 Equinix employees can utilize the access that will be provided through the gated area. In addition, Tenant agrees that Tenant will be responsible for plowing, sanding and maintaining access from the First Avenue side to the access area through the mechanical gate during storm events, and hereby indemnifies and holds Landlord and Equinix harmless from and against all loss or damage occasioned by Tenant's failure to do so. Tenant or its snow plowing vendor further agrees to name the Landlord and Equinix as additional insured(s) on the Insurance

Certificate for snow removal and sanding. Tenant may discharge such responsibility through its snow removal vendor. Tenant will also be responsible for providing Equinix with four (4) working access cards. Equinix will be responsible for care and custody of such cards and will be responsible for their replacement, if or when necessary.

9. Article 15 is amended as follows:

15. ASSIGNMENT OR SUBLEASING. LESSEE shall not assign, mortgage, pledge, hypothecate or otherwise transfer this Lease or sublet (which term, without limitation, shall include granting of concessions, licenses, and the like) or allow any other firm or individual to occupy the whole or any part of the Leased Premises without the prior written consent of LESSOR, or suffer or permit this Lease or the leasehold estate hereby created or any other rights arising under this Lease to be assigned, transferred, or encumbered, in whole or in part, whether voluntarily, involuntarily, or by operation of law. LESSOR's consent shall not be unreasonably withheld or delayed, subject to the conditions contained in this Paragraph 15. In the event of any intent to assign this Lease or sublet any portion or all of the Leased Premises, LESSEE shall notify LESSOR in writing of LESSEE's intent and the proposed effective date of such subletting or assignment, and shall request in such notification that LESSOR consent thereto. LESSEE will reimburse LESSOR, as additional rent, for reasonable legal and other expenses incurred by LESSOR in connection with any request by LESSEE for consent to assignment or subletting. In the event that the fixed rental to be paid by any subLESSEE, assignee or transferee of LESSEE shall exceed Annual Fixed Rent as set forth in Article 3 herein payable by LESSEE to LESSOR, or in the event that any subLESSEE, assignee or transferee shall pay to LESSEE a sum of money in consideration for such sublease, assignment or transfer, then LESSEE shall pay one-half (1/2) to LESSOR, as additional rent, a sum equal to the amount by which the fixed rent payable by such subLESSEE, assignee or transferee exceeds the Annual Fixed Rent payable under Article 3 herein or an amount equal to such sum of money, except for rental payments made to LESSEE by those subLESSEEs pre-approved below in this Article 15. No assignment or subletting and no consent of LESSOR thereto shall affect the continuing primary liability of LESSEE (which, following assignment, shall be joint and several with the assignee) for the payment of all rent and for the full performance of the covenants and conditions of this Lease. No consent to any of the foregoing in a specific instance shall operate as a waiver in any subsequent instance, and no assignment shall be binding upon LESSOR or any of the LESSOR's mortgagees, unless LESSEE shall deliver to LESSOR an instrument in recordable form which contains a covenant of assumption by the assignee running to LESSOR and all persons claiming by, through or under LESSOR, but the failure or refusal of the assignee to execute such instrument of assumption shall not release or discharge assignee from its liability as a LESSEE for the payment of all rent and for the full performance of the covenants and conditions of this Lease, nor shall execution of such instrument of assumption affect the continuing primary liability of LESSEE for the payment of all rent and for the full performance of the covenants and conditions of this Lease. If at any time during the Lease Term the identity of any of the persons then having power to participate in the election or appointment of the directors, shareholders, officers, or other persons exercising like functions and managing the affairs of the LESSEE, LESSEE corporation, then LESSEE shall so notify LESSOR in writing. LESSOR has pre-approved the following subtenants, including their affiliates: American DG Energy Inc., Pharos LLC, Levitronix LLC, Levitronix Technologies LLC, GeNo LLC, Tecogen Inc. and Follica Inc.

10. Except as specifically amended hereby, the Lease is ratified and confirmed in all respects and remains in full force and effect.

Executed as a sealed instrument as of the 16 day of January, 2013.

LESSOR:	LESSEE:
ATLANTIC-WALTHAM REALTY LLC	TECOGEN INC.
By: /s/ Irene T. Gruber	By: /s/ Robert A. Panora
Irene T. Gruber	Robert A. Panora
Manager	President

Portions of this exhibit were omitted and filed separately with the Secretary of the Securities and Exchange Commission pursuant to an application for confidential treatment filed with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934. Such portions are marked by [****].

Exhibit 10.12

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (the "***Agreement***") is made as of January 8, 2013 (the "Effective Date"), by and between Danotek (assignment for the benefit of creditors), LLC, a Delaware limited liability company, in its sole and limited capacity as Assignee for the Benefit of Creditors of Danotek Motion Technologies, Inc. (the "***Seller***"), with principal offices located at 1100 La Avenida Street, Building A, Mountain View, California 94043, United States, and Tecogen, Inc., a Delaware corporation (the "***Buyer***"), with principal offices located at 45 First Avenue, Waltham, MA 02451.

RECITALS

A. By resolution of the board of directors (the "***Board***") of Danotek Motion Technologies, Inc., a Delaware corporation (the "***Assignor***"), as memorialized in the duly executed minutes, Assignor has transferred ownership of all its right, title and interest in and to tangible and intangible assets (the "***Assets***") to Seller, and in so doing has also designated Seller to act, pursuant to Delaware law, as the Assignee for the Benefit of Creditors of Assignor. The General Assignment agreement (the "***General Assignment***") between Assignor and Seller, as assignee, is attached hereto as Exhibit A.

B. Seller and Buyer have identified a subset of the Assets that Buyer desires to purchase from Seller (the ***"Required Assets"***). The Required Assets are listed in Section 1.2 below and means the design, development, and manufacturing equipment that is solely related to the 5300 line of high power density permanent magnet generators product line (***"5300 PM Generator Business"***). After consummation of the Closing contemplated under this Agreement, Seller will liquidate any remaining Assets that are not Required Assets (the "***Remaining Assets"***), and will undertake the winding down of Assignor, which shall ultimately include, but shall not be limited to, the distribution of net funds, after payment of fees and costs associated with the liquidation and winding down, to Assignor's creditors, which are generated from the sale of the Assets.

C. Seller desires to sell to Buyer, and Buyer desires to purchase from Seller, the Required Assets, on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the above recitals and the mutual covenants hereinafter set forth, Buyer and Seller hereby agree as follows:

1. PURCHASE AND SALE OF REQUIRED ASSETS

1.1 Agreement to Sell and Purchase Required Assets. Subject to the terms and conditions of this Agreement, and in reliance on the representations, warranties and covenants set forth in this Agreement, Seller agrees to sell, assign, transfer and convey to Buyer at the Closing (as defined in Section 2.2 below), and Buyer agrees to purchase and acquire from Seller at the Closing, all of Seller's right, title and interest in and to all of the Required Assets. The Required Assets will be sold, assigned, transferred and conveyed to Buyer (subject to Section 1.3) on the Closing Date "as is" and "where is", with no representations or warranties other than those specifically set forth below, and subject to any and all pledges, liens, licenses, rights of possession, security interests, restrictions, encumbrances, charges, title retention, conditional sale or other security arrangements of any nature whatsoever (collectively, ***"Encumbrances"***). other than: (i) the Encumbrances to Silicon Valley Bank; (ii) the Encumbrances granted to KFT Trust, as collateral agent for KFT Trust, Khosla Ventures III, L.P., CMEA Ventures VII, L.P. and CMEA Ventures VII (Paralell), L.P. and (iii) the Encumbrances granted to Michigan Strategic Fund (clauses (i), (ii) and (iii), collectively, the **"*Released Encumbrances*"**).

1.2 Required Assets Defined. As used in this Agreement, the term "***Required Assets***" means, collectively, Seller's right, title and interest in and to the assets listed in Exhibit B attached hereto, provided, however, that the Required Assets shall not, under any circumstances, include Seller's or Assignor's (i) cash, (ii) accounts receivable, (iii) claims or preference or fraudulent conveyance recoveries under applicable law, (iv) state or federal tax refunds, (v) insurance refunds or recoveries, (vi) utility or leasehold security deposits, and (vii) the "***Excluded Assets***" (defined below). Buyer shall promptly execute and deliver to Seller any and all such further assignments, endorsements and other documents as Seller may reasonably request for the purpose of effectuating the terms and conditions of this Section.

For the avoidance of doubt, it is the intent of the parties hereto that none of the Excluded Assets shall be transferred to Buyer. The parties hereto acknowledge and agree that the Required Assets only comprise a limited and narrowly defined portion of the overall Assets and that the Excluded Assets comprise the majority of the Assets.

For purposes of this Agreement, the term "***Excluded Assets***" means any and all properties, rights, contracts, claims or other assets other than those specifically listed or described in Exhibit B. For the avoidance of doubt, Excluded Assets include (and Required Assets do not include), any and all properties, rights, contracts, claims or other assets owned by either Assignor or Seller, except for the Required Assets, including, but not limited to, any business conducted by Assignor and its subsidiaries that is not primarily engaged in the 5300 PM Generator Business, including the design, development, research, licensing, distribution, sale, support and maintenance of all products and services (including, but not limited to, 6000, 7000, 8000 and 9000 series generators, converters or motors), other than the Products.

1.3 Asset Transfer; Passage of Title; Delivery.

(a) Title Passage. Except as otherwise provided in this Section, upon the Closing, title to all of the Required Assets shall pass to Buyer; and Seller shall make available to Buyer possession of all of the Required Assets as provided in subsection 1.3(b), and shall further, upon Buyer's request, execute assignments, conveyances and/or bills of sale reasonably requested to convey to Buyer title to all the Required Assets, subject to the Encumbrances, in accordance with Section 1.1 of this Agreement, as well as such other instruments of conveyance as counsel for Buyer may reasonably deem necessary to effect or evidence the transfers contemplated hereby.

(b) Delivery of Required Assets. On the Closing Date (as defined in Section 2.2), Seller shall make available to Buyer possession of the Required Assets, provided however, that the expenses of retrieving, removing and transferring the Required Assets shall be borne exclusively by Buyer.

(c) Retention of Documents. As Assignee, Seller is responsible for maintaining business records during the assignment process and, among other things, will have to prepare and file final tax returns. To the extent Buyer requires business records of Assignor that Seller requires to administer the assignment estate, Buyer shall, at its own expense, arrange to obtain copies of such records from Seller.

2. PURCHASE PRICE; PAYMENTS.

2.1 Purchase Price. In consideration of the sale, transfer, conveyance and assignment of all the Required Assets, except for certain Electrical Test Equipment as listed under "Electrical Test Equipment – List B" in Exhibit B attached hereto, to Buyer at the Closing. Buyer shall, as of the Closing, assume only those liabilities, if any, expressly set forth as Assumed Liabilities in Section 3.1 of this Agreement and shall pay by wire transfer [****] (the "***Purchase Price***") to the Seller at the Closing.

Seller will retain title of assets listed in "Electrical Test Equipment – List B" in Exhibit B attached hereto until Seller determines [****] within 90 days, Seller agrees sell the the Electrical Test Equipment-List B assets to Buyer for [****], which shall be paid by wire transfer to the Seller upon transfer of title of such assets.

2.2 Closing. The consummation of the purchase and sale of the Required Assets contemplated hereby will take place at a closing to be held at the offices of the Assignee (the ***"Closing"***), on January 8, 2013 (the ***"Closing Date"***), or at such other time or date, and at such place, or by such other means of exchanging documents, as may be agreed to by the parties hereto. If the Closing does not occur on or prior to January 14, 2013, or such later date upon which Buyer and Seller may agree in writing, this Agreement shall terminate upon written notice of termination given by either party hereto that is not in default of its obligations hereunder, and thereupon this Agreement shall become null and void and no party hereto will have any further rights or obligations hereunder, except that Sections 6.1 and 7.3 shall survive such termination.

3. OBLIGATIONS ASSUMED.

3.1 Liabilities. Buyer agrees, upon consummation of, and effective as of, the Closing, to assume those (and only those) liabilities of Seller and of Assignor expressly listed below in this Section 3.1 (collectively, the "***Assumed Liabilities***"): No Assumed Liabilities.

3.2 Liabilities and Obligations Not Assumed. Except as expressly set forth in Section 3.1 above, Buyer shall not assume or become obligated in any way to pay any liabilities, debts or obligations of Seller or of Assignor whatsoever, including but not limited to any liabilities or obligations now or hereafter arising from Assignor's business activities that took place prior to the Closing or any liabilities arising out of or connected to the liquidation and winding down of Assignor's business. All liabilities, debts and obligations of Seller and of Assignor not expressly assumed by Buyer hereunder are hereinafter referred to as the "***Excluded Liabilities***."

3.3 No Obligations to Third Parties. The execution and delivery of this Agreement shall not be deemed to confer any rights upon any person or entity other than the parties hereto, or make any person or entity a third party beneficiary of this Agreement, or to obligate either party to any person or entity other than the parties to this Agreement. Assumption by Buyer of any liabilities or obligations of Seller under Section 3.1 shall in no way expand the rights or remedies of third parties against Buyer as compared to the rights and remedies such parties would have against Seller if the Closing were not consummated.

4. REPRESENTATIONS AND WARRANTIES OF BUYER.

Buyer hereby represents and warrants to Seller that all the following statements are true, accurate and correct:

4.1 Due Organization. Buyer is a corporation duly organized, validly existing, and in good standing under the laws of the State of Delaware. Buyer has all necessary power and authority to enter into this Agreement and all other documents that Buyer is required to execute and deliver hereunder, and holds or will timely hold all permits, licenses, orders and approvals of all federal, state and local governmental or regulatory bodies necessary and required therefore.

4.2 Power and Authority; No Default. Buyer has all requisite power and authority to enter into and deliver this Agreement and to perform its obligations hereunder. The signing, delivery and

performance by Buyer of this Agreement, and the consummation of all the transactions contemplated hereby, have been duly and validly authorized by Buyer. This Agreement, when signed and delivered by Buyer, will be duly and validly executed and delivered and will be the valid and binding obligation of Buyer, enforceable against Buyer in accordance with its terms, subject to the laws relating to bankruptcy, insolvency and relief of debtors, and rules and laws governing specific performance, injunctions, relief and other equitable remedies.

4.3 Authorization for this Agreement. No authorization, approval, consent of, or filing with any governmental body, department, bureau, agency, public board, authority or other third party is required for the consummation by Buyer of the transactions contemplated by this Agreement.

4.4 Litigation. To the best of Buyer's knowledge, there is no litigation, suit, action, arbitration, inquiry, investigation or proceeding pending or, to the knowledge of Buyer, threatened, before any court, agency or other governmental body against Buyer (or any corporation or entity affiliated with Buyer) which seeks to enjoin or prohibit or otherwise prevent the transactions contemplated hereby.

5. REPRESENTATIONS AND WARRANTIES OF SELLER.

Seller represents and warrants to Buyer that all of the following statements are true, accurate and correct:

5.1 Corporate Organization. Seller is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of Delaware.

5.2 Power and Authority; No Default Upon Transfer. As Assignee, Seller has all requisite power and authority to enter into and deliver this Agreement and to perform its obligations hereunder and under the General Assignment. The signing, delivery and performance by Seller of this Agreement, and the consummation of all the transactions contemplated hereby, have been duly and validly authorized by Seller. To the best of Seller's knowledge and belief, the General Assignment was duly authorized by Assignor's Board and is a valid agreement binding on the Assignor and Seller. This Agreement, when signed and delivered by Seller, will be duly and validly executed and delivered and will be the valid and binding obligation of Seller, enforceable against Seller, as Assignee, in accordance with its terms as governed by applicable law, regulations and rules. Neither the signing and delivery of this Agreement by Seller, nor the performance by Seller of its obligations under this Agreement, will (i) violate Seller's Articles of Organization or Operating Agreement, or (ii) to the best of Seller's knowledge and belief, violate any law, statute, rule, regulation, order, judgment, injunction or decree of any court, administrative agency or government body applicable to Seller.

5.3 Title. To the best of Seller's knowledge and belief after reasonable inquiry, including, without limitation, competent assessment of a UCC search in Assignor's state of incorporation, Seller, as Assignee, has good and marketable title to all of the Required Assets. Seller sells, assigns, transfers and conveys the Required Assets to Buyer "as is" and "where is", with no representations or warranties as to merchantability, fitness or use, and the Required Assets shall be subject to the Encumbrances.

(a) **AS-IS SALE; DISCLAIMERS; RELEASE. IT IS UNDERSTOOD AND AGREED THAT, UNLESS EXPRESSLY STATED HEREIN, SELLER IS NOT MAKING AND HAS NOT AT ANY TIME MADE ANY WARRANTIES OR REPRESENTATIONS OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, WITH RESPECT TO THE REQUIRED ASSETS, INCLUDING BUT NOT LIMITED TO, ANY WARRANTIES OR REPRESENTATIONS AS TO MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.**

(b) **BUYER ACKNOWLEDGES AND AGREES THAT UPON CLOSING SELLER SHALL SELL AND CONVEY TO BUYER AND BUYER SHALL ACCEPT THE PROPERTY "AS IS, WHERE IS, WITH ALL FAULTS." BUYER HAS NOT RELIED AND WILL NOT RELY ON, AND SELLER IS NOT LIABLE FOR OR BOUND BY, ANY EXPRESS OR IMPLIED WARRANTIES, GUARANTEES, STATEMENTS, REPRESENTATIONS OR INFORMATION PERTAINING TO THE REQUIRED ASSETS OR RELATING THERETO MADE OR FURNISHED BY SELLER OR ITS REPRESENTATIVES, TO WHOMEVER MADE OR GIVEN, DIRECTLY OR INDIRECTLY, ORALLY OR IN WRITING, EXCEPT AS EXPRESSLY STATED HEREIN. BUYER ALSO ACKNOWLEDGES THAT THE PURCHASE PRICE REFLECTS AND TAKES INTO ACCOUNT THAT THE REQUIRED ASSETS ARE BEING SOLD "AS IS, WHERE IS, WITH ALL FAULTS."**

(c) **BUYER ACKNOWLEDGES TO SELLER THAT BUYER WILL HAVE THE OPPORTUNITY TO CONDUCT PRIOR TO CLOSING SUCH INSPECTIONS AND INVESTIGATIONS OF THE REQUIRED ASSETS AS BUYER DEEMS NECESSARY OR DESIRABLE TO SATISFY ITSELF AS TO THE REQUIRED ASSETS AND ITS ACQUISITION THEREOF. BUYER FURTHER WARRANTS AND REPRESENTS TO SELLER THAT BUYER WILL RELY SOLELY ON ITS OWN REVIEW AND OTHER INSPECTIONS AND INVESTIGATIONS IN THIS TRANSACTION AND NOT UPON THE INFORMATION PROVIDED BY OR ON BEHALF OF SELLER, OR ITS AGENTS, EMPLOYEES OR REPRESENTATIVES WITH RESPECT THERETO. BUYER HEREBY ASSUMES THE RISK THAT ADVERSE MATTERS INCLUDING, BUT NOT LIMITED TO, LATENT OR PATENT DEFECTS, ADVERSE PHYSICAL OR OTHER ADVERSE MATTERS, MAY NOT HAVE BEEN REVEALED BY BUYER'S REVIEW AND INSPECTIONS AND INVESTIGATIONS.**

(d) **BUYER ACKNOWLEDGES THAT SOME ASSETS DESCRIBED IN EXHIBIT B MAY CONTAIN THIRD-PARTY INTELLECTUAL PROPERTY THAT MAY HAVE BEEN LICENSED BY ASSIGNOR OR OTHERWISE ACQUIRED BY ASSIGNOR. BUYER UNDERSTANDS THAT SELLER IS UNABLE TO TRANSFER INTELLECTUAL PROPERTY BELONGING TO A THIRD-PARTY WITHOUT THE EXPRESS WRITTEN CONSENT OF THAT PARTY, WHICH WILL NOT BE OBTAINED OR SOUGHT BY SELLER AS A PART OF THIS AGREEMENT. BUYER SHALL ACCEPT FULL RESPONSIBILITY FOR COMMUNICATING WITH THIRD-PARTIES WHOSE INTELLECTUAL PROPERTY MAY BE INCLUDED IN THE REQUIRED ASSETS TRANSFERRED HEREBY AND SHALL PAY ANY AND ALL LICENSING OR OTHER FEES, COSTS, EXPENSES OR CHARGES THAT MAY BE ASSOCIATED WITH USING SAID ASSETS.**

5.4 Litigation. To the best of Seller's knowledge, there is no claim, action, arbitration, inquiry, investigation, suit or proceeding pending or, to Seller's knowledge, threatened, against Seller or Assignor that might affect in any way any Required Asset or the transaction contemplated by this Agreement, nor is Seller aware or have grounds to know of any reasonable basis therefor. To the best of Seller's knowledge, there are no judgments, decrees, injunctions or orders of any court, governmental body, department, commission, agency, instrumentality or arbitrator against Seller or Assignor affecting the Required Assets.

5.5 Authorization for this Agreement. To the best of Seller's knowledge, no authorization, approval, consent of, or filing with any governmental body, department, bureau, agency, public board, authority or other third party is required for the consummation by Seller of the transactions contemplated by this Agreement.

5.6 Assignee. All rights of Seller with regard to the ownership and possession of the Required Assets are rights held as Assignee pursuant to the General Assignment made by Assignor. Pursuant to the General Assignment, Assignor has informed Seller that it transferred all of Assignor's right, title and interest in and to the Required Assets to Seller. Pursuant to this Agreement, Seller, solely in its capacity as Assignee, sells, assigns, and transfers all of its right, title and interest in and to the Required Assets to Buyer.

6. COVENANTS OF BUYER.

6.1 Confidential Information. All copies, if any, of financial information, pricing, marketing plans, business plans, and other confidential and/or proprietary information of Assignor and/or Seller disclosed to Buyer in the course of negotiating the transaction contemplated by this Agreement, including the terms of this Agreement ("***Seller Confidential Information***"), will be held in confidence and not used or disclosed by Buyer or any of its employees, affiliates or stockholders, except to any public or private lender, for a period of six (6) months from the Effective Date and will be promptly destroyed by Buyer or returned to Seller, upon Seller's written request to Buyer; *provided, however* that from and after the Closing, the foregoing covenant shall not be applicable to any Seller Confidential Information included in the Required Assets. It is agreed that Seller Confidential Information will not include information that: (a) is proven to have been known to Buyer prior to receipt of such information from Seller; (b) is disclosed by a third party having the legal right to disclose such information and who owes no obligation of confidence to Seller; (c) is now, or later becomes part of the general public knowledge or literature, other than as a result of a breach of this Agreement by Buyer; or (d) is independently developed by Buyer without the use of any Seller Confidential Information.

6.2 Press Releases and Public Announcements. Buyer shall not issue any press release or make any disclosure or public announcement relating to the financial terms of this Agreement without the prior written approval of Seller, which shall not be unreasonably withheld. Notwithstanding the foregoing, Buyer may disclose certain information relating to this Agreement if required to do so by law or applicable governmental regulation.

6.3 Taxes and any Other Charges Related to the Sale. Buyer agrees to promptly pay all sales, transfer, use or other taxes, duties, claims or charges imposed on and/or related to the sale of the Required Assets to Buyer under this Agreement by any tax authority or other governmental agency and to defend, indemnify and hold Seller harmless from and against any such taxes, duties, claims, or charges for payment thereof by any tax authority or other governmental agency.

6.4 Survival of Covenants. The covenants set forth in Sections 6.1, 6.2, 6.3, and this Section 6.4 shall survive the Closing. The covenants set forth in Section 6.1 above shall, in addition, survive the termination of this Agreement for any reason.

7. COVENANTS OF SELLER.

Seller covenants and agrees with Buyer as follows:

7.1 Further Assurances. From and after the Closing Date, Seller shall cooperate with Buyer and promptly sign and deliver to Buyer any and such additional documents, instruments, endorsements and related information and take actions as Buyer may reasonably request for the purpose of effecting the transfer of Seller's and/or Assignor's title to the Required Assets to Buyer, and/or carrying out the provisions of this Agreement, provided, however, that Seller shall be reimbursed for its reasonable costs and expenses incurred in providing such documents, instruments, endorsements or related information, which additional documents, instruments, endorsements or related information shall be prepared solely by Buyer.

7.2 Press Releases and Public Announcements. Seller shall not issue any press release or make any disclosure or public announcement relating to the financial terms of this Agreement or identify the Buyer without the prior written approval of the Buyer, which shall not be unreasonably withheld. Notwithstanding the foregoing, Seller may disclose certain information relating to this Agreement if required to do so by law or applicable governmental regulation and Seller shall be permitted, at its discretion, to prepare and distribute a tombstone regarding the General Assignment and the Agreement without mentioning the identity of Buyer or the terms of the Agreement.

7.3 Survival of Covenants. Each of the covenants set forth in Sections 7.1, 7.2, and this Section 7.3 shall survive the Closing.

8. CONDITIONS TO CLOSING.

8.1 Conditions to Buyer's Obligations. The obligations of Buyer hereunder shall be subject to the satisfaction and fulfillment of each of the following conditions, except as Buyer may expressly waive the same in writing:

(a) Accuracy of Representations and Warranties on Closing Date. The representations and warranties made herein by Seller shall be true and correct in all material respects, and not misleading in any material respect, on and as of the date given, and on and as of the Closing Date with the same force and effect as though such representations and warranties were made on and as of the Closing Date.

(b) Compliance. As of the Closing Date, Seller shall have complied in all material respects with, and shall have fully performed, in all material respects, all conditions, covenants and obligations of this Agreement imposed on Seller and required to be performed or complied with by Seller at, or prior to, the Closing Date.

(c) Delivery of Required Assets. Seller shall have made the Required Assets available to Buyer as set forth in Section 1.3 above.

(d) Delivery of Closing Documents. Seller shall have delivered, and Buyer shall have received, the documents described in Section 9.2 hereof.

8.2 Conditions to Seller's Obligations. The obligations of Seller hereunder shall be subject to the satisfaction and fulfillment of each of the following conditions, except as Seller may expressly waive the same in writing:

(a) Accuracy of Representations and Warranties on Closing Date. The representations and warranties made herein by Buyer in Section 4 hereof shall be true and correct in all material respects, and not misleading in any material respect, on and as of the date given, and on and as of the Closing Date with the same force and effect as though such representations and warranties were made on and as of the Closing Date.

(b) Compliance. Buyer shall have complied in all material respects with, and shall have fully performed, the terms, conditions, covenants and obligations of this Agreement imposed thereon to be performed or complied with by Buyer at, or prior to, the Closing Date.

(c) Payment. Buyer shall have transmitted by wire transfer and Seller shall have received payment of the Purchase Price.

9. CLOSING OBLIGATIONS.

9.1 Buyer's Closing Obligations. At the Closing, Buyer shall deliver to Seller the following:

(a) Payment of [****] by wire transfer to Seller; and, if title to assets listed in "Electrical Test Equipment-List B" are transferred to Buyer, an additional payment of [****] by wire transfer to Seller will be made at that time.

(b) The Assignment and Bill of Sale Agreement, in the form attached hereto asExhibit C, signed by an authorized officer of Buyer on behalf of Buyer.

9.2 Seller's Closing Obligations. At the Closing, Seller shall deliver to Buyer the following:

(a) The Required Assets in accordance with Section 1.3; and

(b) The Assignment and Bill of Sale Agreement, in the form attached hereto as Exhibit C, signed by an authorized manager of Seller on behalf of Seller.

10. SURVIVAL OF WARRANTIES AND INDEMNIFICATION.

10.1 Survival of Warranties. All representations and warranties made by Seller or Buyer herein, or in any certificate, schedule or exhibit delivered pursuant hereto, shall survive the Closing for a period of one (1) year after the Closing.

10.2 Indemnified Losses. For the purpose of this Section 10.2 and when used elsewhere in this agreement, "***Loss***" shall mean and include any and all liability, loss, damage, claim, expense, cost, fine, fee, penalty, obligation or injury including, without limitation, those resulting from any and all actions, suits, proceedings, demands, assessments, judgments, award or arbitration, together with reasonable costs and expenses including the reasonable attorneys' fees and other legal costs and expenses relating thereto.

10.3 No Indemnification by Seller. Seller is selling to Buyer the Required Assets defined in this Agreement "as is" and "where is", with no representations or warranties as to merchantability, fitness or usability or in any other regard (except for the limited representations and warranties specifically set forth above) and does not agree to defend, indemnify or hold harmless Buyer, any parent, subsidiary or affiliate of Buyer or any director, officer, employee, stockholder, agent or attorney of Buyer or of any parent, subsidiary or affiliate of Buyer from and against and in respect of any Loss which arises out of or results from the transaction described herein.

10.4 Indemnification By Buyer. Subject to the provisions and limitations set forth in this Section 10, Buyer agrees to defend, indemnify and hold harmless Seller, any parent, subsidiary or affiliate of Seller and any manager, employee, member, agent or attorney of Seller or of any parent, subsidiary or affiliate of Seller (collectively, the ***"Seller Indemnitees"***) from and against and in respect of any Loss which arises out of or results from:

(a) any breach by Buyer of any covenant, or the inaccuracy or untruth of any representation or warranty of Buyer made herein; or

(b) the use of the Required Assets after the Closing;

provided, *however*, that nothing in this Section 10.4 shall impose on Buyer any duty to indemnify Seller for any Excluded Liabilities.

10.5 Period for Making Claims. A claim for indemnification by Seller under this Section 10 may be brought, if at all, at any time after the Closing Date, with respect to any claim or claims for indemnification under this Section 10, provided, however, that any claim under Section 10.4(a) with respect to the inaccuracy or untruth of any representation or warranty must be brought, if at all, prior to the time such representation or warranty expires pursuant to Section 10.1.

11. MISCELLANEOUS.

11.1 Expenses. Each of the parties hereto shall bear its own expenses (including without limitation attorneys' fees) in connection with the negotiation and consummation of the transaction contemplated hereby.

11.2 Notices. Any notice required or permitted to be given under this Agreement shall be in writing and shall be personally or sent by certified or registered United States mail, postage prepaid, or sent by nationally recognized overnight express courier and addressed as follows:

(a) If to Seller:

Danotek (assignment for the benefit of creditors), LLC
1100 La Avenida Street, Building A
Mountain View, California 94043
Telephone: (650) 329-9996
Facsimile: (650) 329-0980
Email: mam@shrwood.com
Attention: Michael A. Maidy

With copy to:

Scott B. Lepene
Thompson Hine LLP
3900 Key Center, 127 Public Square
Cleveland, Ohio 44114
Telephone: (216) 566-5692
Facsimile: (216) 566-5800
Email: Scott.Lepene@ThompsonHine.com
Attention: Scott B. Lepene

(b) If to Buyer:

Tecogen, Inc.
45 First Avenue
Waltham, MA 02451
Telephone: (781) 466-6400
Facsimile: (781) 466-6466
Email: robert.panora@tecogen.com
Attention: Robert A. Panora

With copy to:

William O. Flannery
945 Lenox Road
Richmond, MA 01254
Telephone: (413) 698-2997
Facsimile: (413) 698-3506
Email: woflan@ix.netcom.com
Attention: William O. Flannery

11.3 Entire Agreement. This Agreement, the Exhibits hereto (which are incorporated herein by reference) and any agreements to be executed and delivered in connection herewith, together constitute the entire agreement and understanding between the parties and there are no agreements or commitments with respect to the transactions contemplated herein except as set forth in this Agreement. This Agreement supersedes any prior offer, agreement or understanding between the parties with respect to the transactions contemplated hereby.

11.4 Amendment; Waiver. Any term or provision of this Agreement may be amended only by a writing signed by Seller and Buyer. The observance of any term or provision of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) only by a writing signed by the party to be bound by such waiver. No waiver by a party of any breach of this Agreement will be deemed to constitute a waiver of any other breach or any succeeding breach.

11.5 No Third Party Beneficiaries. Nothing expressed or implied in this Agreement is intended, or shall be construed, to confer upon or to give any person, firm or corporation, other than the parties hereto, any rights or remedies under or by reason of this Agreement.

11.6 Execution in Counterparts. For the convenience of the parties, this Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. Delivery of the Agreement that includes an executed counterpart of the signature page by telecopier or electronic mail shall be as effective as delivery of an originally manually executed counterpart.

11.7 Benefit and Burden. This Agreement shall be binding upon, shall inure to the benefit of, and be enforceable by and against, the parties hereto and their respective successors and permitted assigns.

11.8 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of California (excluding application of any choice of law doctrines that would make applicable the law of any other state or jurisdiction) and, where appropriate, applicable federal law.

11.9 Severability. If any provision of this Agreement is for any reason and to any extent deemed to be invalid or unenforceable, then such provision shall not be voided but rather shall be enforced to the maximum extent then permissible under then applicable law and so as to reasonably effect the intent of the parties hereto, and the remainder of this Agreement will remain in full force and effect.

11.10 Attorneys' Fees. Should a suit or arbitration be brought to enforce or interpret any provision of this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees to be fixed in amount by the Court or the Arbitrator(s) (including without limitation costs, expenses and fees on any appeal).

The prevailing party will be entitled to recover its costs of suit or arbitration, as applicable, regardless of whether such suit or arbitration proceeds to a final judgment or award.

[Signature page follows]

IN WITNESS WHEREOF, Buyer and Seller executed and delivered this Asset Purchase Agreement by their duly authorized representatives as of the Effective Date.

SELLER: **BUYER:**

Danotek (assignment for the benefit of creditors), LLC, solely as Assignee for the Benefit of Creditors of Danotek Motion Technologies, Inc.

Tecogen, Inc.

/s/ Michael Maidy

/s/ Robert A. Panora

By: Michael Maidy

By: Robert A. Panora

Its: Manager

Its: President

Exhibit 10.12

EXHIBIT A

General Assignment

This Assignment is made as of the 27th day of November, 2012, by Danotek Motion Technologies, Inc. a Delaware corporation, with offices at 8680 N. Haggerty Rd, Canton, MI 48187 hereinafter referred to as "Assignor", to Danotek (assignment for the benefit of creditors), LLC, a Delaware limited liability company, hereinafter referred to, along with any successors and assigns, as "Assignee".

RECITALS

WHEREAS, Assignor has determined that, based upon its business prospects, entering into this Assignment is in the best interests of the Assignor's creditors; and

WHEREAS, Assignor believes that Assignee is well qualified to efficiently administer the Assignment for the benefit of the Assignor's creditors;

NOW, THEREFORE, for valuable consideration, the receipt of which is duly acknowledged, the parties agree as follows:

AGREEMENT

1. Assignment of Assets.

(a) Assignor, for and in consideration of the covenants and agreements to be performed by Assignee, as hereinafter contained, and for good and valuable consideration, receipt whereof is hereby acknowledged, does hereby grant, bargain, sell, assign, convey and transfer to Assignee, its successors and assigns, in trust, for the benefit of Assignor's creditors generally, all of the property of Assignor of every kind and nature and wheresoever situated, both real (but not facility lease arrangements) and personal, and any interest or equity therein not exempt from execution, including, but not limited to, all that certain stock of merchandise, equipment, furniture, fixtures, accounts, books, cash on hand, cash in bank, deposits, patents, copyrights, trademarks and trade names and all associated goodwill, source codes, software, and related documentation, insurance policies, and choses in action that are legally assignable, together with the proceeds of any existing non-assignable choses in action that may hereafter be recovered or received by Assignor. Assignor agrees to execute such additional documents as shall be necessary to accomplish the purposes of this Assignment.

(b) This Assignment specifically includes and covers all claims for refund or abatement of all excess taxes heretofore or hereafter assessed against or collected from Assignor by the U.S. Treasury Department or any other taxing agency, and Assignor agrees to sign and execute power of attorney or such other documents as required to enable Assignee to file and prosecute, compromise and/or settle, all such claims before the Internal Revenue Service, U.S. Treasury Department or any other taxing or other Governmental agency.

(c) Assignee is to receive said property, conduct said business, should it deem it proper, and is hereby authorized at any time after the signing hereof by Assignor to sell and dispose of said property upon such time and terms as it may see fit, and is to pay to creditors of Assignor pro rata, the net proceeds arising from the conducting of said business and sale and disposal of said property, after deducting all moneys which Assignee may at its option pay for the discharge of any lien on any of said property and any indebtedness

which under the law is entitled to priority of payment, and all expenses, including a reasonable fee to Assignee and its attorneys.

2. Payment of Fees. Assignee shall be entitled to be paid the fees and recover the costs set forth in the Compensation and Expense Reimbursement Agreement dated as of the date hereof between the Assignor and the Assignee (the "Fee Letter").

3. Appointment of Agents. Assignee is authorized and empowered to appoint and compensate such agents, field representatives and/or attorneys and/or accountants as it may deem necessary, and such agents and/or field representatives shall have full power and authority to open bank accounts in the name of Assignee or its nominees or agents and to deposit assigned assets or the proceeds thereof in such bank accounts and to draw checks thereon and with the further power and authority to do such other acts and to execute such papers and documents in connection with this Assignment as Assignee may consider necessary or advisable.

4. Certain Acknowledgments Regarding Transfer. Assignor acknowledges that certain of the assets being assigned under this General Assignment may be subject to restrictions on the use or transfer of such assets, the unauthorized use or transfer of which may result in further damages or claims. Such assets may include, without limitation, intellectual property rights of the Assignor (e.g., trade names, service names, registered and unregistered trademarks and service marks and logos; internet domain names; patents, patent rights and applications therefor, copyrights and registrations and applications therefor; software and source code (and software licenses with respect thereto); customer lists and customer information; know-how, trade secrets, inventions, discoveries, concepts, ideas, methods, processes, designs, formulae, technical data, drawings, specifications, data bases and other proprietary assets (collectively, "Intellectual Property")). Assignor represents and warrants that its officers, directors, shareholders, employees, agents, customers and other third parties have been advised not to use, remove or cause a transfer (other than pursuant to this General Assignment) of any of the assets of Assignor, including without limitation the Intellectual Property, either prior or subsequent to this General Assignment, except as expressly authorized in writing in advance, which written authorization is not inconsistent with or otherwise may constitute a breach of any other written agreement. Except as authorized in writing, which has been disclosed in writing to Assignee, Assignor further represents and warrants that no asset (including, without limitation, the Intellectual Property) has been transferred, used, or removed, in whole or in part, in a manner that interferes with the rights and interests of a third party(ies) in such asset or otherwise may constitute a breach of any contract with such third party(ies).

5. Representations and Warranties of the Assignor. Assignor represents and warrants to Assignee that as of the date hereof:

(a) Assignor has all requisite power and authority to execute, deliver and perform its obligations under this Assignment, including, without limitation, to transfer the property transferred to the Assignee hereby;

(b) the execution, delivery and performance by the Assignor of this Assignment has been duly authorized by all necessary corporate and other action and does not and will not require any registration with, consent or approval of, or notice to or action by, any person (including any governmental authority) in order to be effective and enforceable;

(c) this Assignment constitutes the legal, valid and binding obligation of the Assignor, enforceable against it in accordance with their respective terms; and

(d) all claims for wages, expense reimbursements, benefits and other compensation with priority over the Assignor's other creditors accrued or otherwise arising prior to the date hereof have been satisfied in full.

6. Resignation and Replacement of Assignee. The Assignee may resign and be discharged from its duties hereunder at any time; provided that such resignation shall not become effective until a successor Assignee has been appointed by the resigning Assignee and such successor has accepted its appointment in writing delivered to the resigning Assignee. Any successor Assignee appointed hereunder shall execute an instrument accepting such appointment hereunder and shall deliver one counterpart thereof to the resigning Assignee. Thereupon such successor Assignee shall, without any further act, become vested with all the estate, properties, rights, powers, trusts, and duties of his predecessor in connection with the Assignment with like effect as if originally named therein, but the resigning Assignee shall nevertheless, when requested in writing by the successor Assignee, execute and deliver an instrument or instruments conveying and transferring to such successor Assignee all of the estates, properties, rights, powers and trusts of such resigning Assignor in connection with the Assignment, and shall duly assign, transfer, and deliver to such successor Assignee all property and money held by it hereunder.

7. Limitation of Liability. Assignor acknowledges that Assignee is acting solely as Assignee in connection with this Assignment and not in its personal capacity. As a result, Assignor expressly agrees that Assignee, its members, officers and agents shall not be subject to any personal liability whatsoever to any person in connection with the affairs of this Assignment, except for its own misconduct knowingly and intentionally committed in bad faith. No provision of this Agreement shall be construed to relieve the Assignee from liability for its own misconduct knowingly and intentionally committed in bad faith, except that:

(a) The Assignee shall not be required to perform any duties or obligations except for the performance of such duties and obligations as are specifically set forth in this Assignment, and no implied covenants or obligations shall be read into this Assignment against the Assignee.

(b) In the absence of bad faith on the part of the Assignee, the Assignee may conclusively rely, as to the truth, accuracy and completeness thereof, on the statements and certificates or opinions furnished to the Assignee by the Assignor and conforming to the requirements of this Assignment.

(c) The Assignee shall not be liable for any error of judgment made in good faith.

(d) The Assignee shall not be liable with respect to any action taken or omitted to be taken by it in accordance with a written opinion of legal counsel addressed to the Assignee.

In connection with the foregoing, the assignment estate shall defend, indemnify and hold the Assignee and its past and present officers, members, managers, directors, employees, counsel, agents, attorneys, parent, subsidiaries, affiliates, successors and assigns, including without limitation Sherwood Partners LLC (collectively, the "Indemnified Persons") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, charges, expenses and disbursements (including reasonable attorneys' fees and costs) of any kind or nature whatsoever which may at any time be imposed on, incurred by, or asserted against any such Indemnified Person in any way relating to or arising out of this General Assignment, the Fee Letter, any other document contemplated by or referred to herein or therein, the transactions contemplated hereby or thereby, or any action taken or omitted by any Indemnified Person under or in connection with any of the foregoing, including, without limitation, with respect to any investigation, litigation or proceeding related to or arising out of any of the foregoing, whether or not any Indemnified Person is a party thereto, and including, without limitation, any other Indemnified Claims

(defined below), provided, that the assignment estate shall have no obligation hereunder to any Indemnified Person with respect to indemnified claims to the extent resulting from the willful misconduct or gross negligence of any Indemnified Person. The foregoing indemnification shall survive any termination of this General Assignment or the transactions contemplated hereby. For purposes hereof, "Indemnified Claims" means any and all claims, demands, actions, causes of action, judgments, obligations, liabilities, losses, damages and consequential damages, penalties, fines, costs, fees, expenses and disbursements (including without limitation, fees and expenses of attorneys and other professional consultants and experts in connection with investigation or defense) of every kind, known or unknown, existing or hereafter arising, foreseeable or unforeseeable, which may be imposed upon, threatened or asserted against, or incurred or paid by, any Indemnified Person at any time and from time to time, because of, resulting from, in connection with, or arising out of any transaction, act, omission, event or circumstance in any way connected with this General Assignment, the Fee Letter, any other document contemplated by or referred to herein or therein, the transactions contemplated hereby or thereby, or any action taken or omitted by any Indemnified Person under or in connection with any of the foregoing, including but not limited to economic loss, property damage, personal injury or death in connection with, or occurring on or in the vicinity of, any assets of the assignment estate through any cause whatsoever, any act performed or omitted to be performed under this General Assignment, any other document contemplated by or referred to herein, the transactions contemplated hereby, or any action taken or omitted by any Indemnified Person under or in connection with any of the foregoing, any breach by Assignor of any representation, warranty, covenant, agreement or condition contained herein or in any other agreement between Assignor and Assignee.

8. Reliance.

(a) The Assignee may rely and shall be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) The Assignee may consult with legal counsel to be selected by it, and the Assignee shall not be liable for any action taken or suffered by it in accordance with the advice of such counsel.

(c) Persons dealing with the Assignee shall look only to the assignment estate to satisfy any liability incurred by the Assignee in good faith to any such person in carrying out the terms of this Assignment, and the Assignee shall have no personal or individual obligation to satisfy any such liability.

9. Headings. The headings used in this Assignment are for convenience only and shall be disregarded in interpreting the substantive provisions of this Assignment.

10. Forwarding of Mail. Assignor authorizes the forwarding of its mail by the U.S. Postal Service as directed by Assignee.

11. Counterparts. This Assignment agreement may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same document.

12. Attorneys fees and costs. Except as set forth in the Fee Letter, the parties agree that each of them shall bear its own legal costs and expenses in connection with the negotiation, drafting, execution or enforcement of this Assignment.

13. Entire Agreement. This Assignment and the Fee Letter contain the entire agreement of the parties hereto with respect to the matters covered and the transactions contemplated hereby, and no other agreement, statement, representation, warranty or promise made prior hereto or contemporaneously herewith

by any party hereto, or any employee, officer, agent, or attorney of any party hereto shall be valid or binding or relied upon by any party as an inducement to enter into, or as consideration for, this Assignment.

14. Governing Law. This General Assignment shall be governed by and construed in accordance with the laws of the State of Delaware without regard to conflicts of law principles.

15. Severability. In case any provision of this General Assignment shall be invalid, illegal or unenforceable, such provision shall be severable from the remainder of this General Assignment and the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

16. Cooperation. Each party cooperated in the drafting of this General Assignment and therefore this General Assignment shall not be construed more strictly against any of the parties.

17. Time is of the Essence. Time is of the essence in the performance of and conditions set forth in this General Assignment.

18. No Adequate Remedy at Law. Each party hereto acknowledges and agrees that damages will not adequately compensate the other party for a breach of the terms of this General Assignment and that, as such, each party shall be entitled to specific performance of this General Assignment.

IN WITNESS WHEREOF the parties hereunder set their hands the day and year first above written.

Assignor's Federal Tax I.D. Number:
Federal # 26-7410224

Danotek Motion Technologies, Inc. a Delaware Corporation, Assignor

By: /s/ Donald C. Naab
Donald C. Naab

Its: President and CEO

Danotek (assignment for the benefit of creditors), LLC, a Delaware limited liability company, Assignee

By: /s/ Michael A. Maidy
Michael A. Maidy

Its: Manager

EXHIBIT B

Required Assets

Seller is not making any representation, expressed or implied with regard to the availability of the Required Assets due to additional expenses that may be incurred to retrieve them, expressed or implied liens that may be asserted by vendors, former employees or consultants holding inventory, raw materials or other Required Assets. Buyer, at its own expense, may elect to pursue such Required Assets or use whatever means necessary to obtain them. Some assets described in this Exhibit may contain third-party intellectual property that may have been licensed by, or otherwise acquired, by Assignor. Buyer acknowledges that Seller may be unable to transfer certain intellectual property belonging to a third party without the express written consent of that third party which shall not be obtained or sought by Seller as part of this Agreement. Buyer accepts full responsibility for communicating with third parties whose intellectual property may be included in the Required Assets and Buyer shall be responsible for paying all licensing fees, costs, expenses, or other charges associated with using said assets.

The Required Assets solely include, as of the Closing Date, the intangible assets and intellectual property rights that relate specifically to 5300 PM Generator Business of the Danotek Motion Technologies, Inc., namely, the Patent License (as defined in Exhibit B-1 attached hereto), and Copyrights (as defined below) owned or developed by Assignor (or that have been assigned to Seller), which the Seller has in its possession, Intellectual Property, and specific equipment. For the avoidance of doubt, Required Assets do not include any other rights, including any and all properties, rights, contracts, claims or other assets owned by either Assignor or Seller, including, but not limited to, Assignor's Excluded Assets.

Tangible Assets Include:

Manufacturing Assets and Test Equipment
Rotor insertion jig & stand
Bearing press & Table
Work table
Work bench with rack
Hand cart/tool chest with tools
Stator stands (3)
General assembly table
Bed Plate & Hardware
Mounting Plate & hardware
Lift tables
Drive Motor with coupling
ABB Drive Controller
Part storage rack (1 set) - Blue rack with rollers

Oven
Pneumatic rivet gun
Hardware bins
Large C-Clamps for housing assembly (3)
Material handling straps
Complete Instrumented Unit
Re-Manufactured Unit
Go/No Go housing to stator gages/Fixtures
Go/No Go Stator keyway gage
Failed Equipment (Cage)
Rotor Wrapping machine
Heat lamp for rotor wrapping
Wire stripper-Electric eraser model IR7000 with attachment DCF 4 AR4401

Electrical Test Equipment - List A
Amprobe PRM-4, Phase rotation tester
2 PC's with design software and any non-standard software needed to process documentation preloaded including licenses for all software

Electrical Test Equipment - List B**
Scope: Tektronix DPO4054
High voltage probes (x3): BK Precision PR-60 Active Differential Probe x10/x100
Hi-pot tester
Megger DLRO10HD Micro Ohm Meter
Fluke 1550B, 5KV MEGOHMMETER
Temperature/humidity meter
Vibration measurement set in rack: monitor, keyboard, LabView base PC, probes and data acquisition cards

** Delivery of the the items listed in List B above is subject to Section 2.1 and payment as defined in Section 9.1 (a)

Manufacturing Documentation (electronic, in native format whenever possible)
CAD Drawings
Inspection Procedures
Inspection Reports: Blank & Historical (Test procedure/Test report)
Test sheets/Test Reports: Blank & Historical
Procedures
Travelers: Blank & Historical
Deviations: Blank & Historical
Drawings
-PDF
-Historical
-Native Solid Models
-.Step and/or .IGES of all models
Corrective Actions: Internal & External
Complete Vendor Info
PPAP Documentation for all parts
Supplier Qualification information

Supplier Quality Manual
Site Assessments/Audits
Supplier Deviations
Part Lead-times
Historical Unit tracking data
Mounting plate new design sketches
Current Paint Specifications
Engineering change order form: blank & historical
Engineering change request form: blank & historical
RMA form and historical
Assembly instructions (& historical)
Import broker information
Any user names or passwords required to use software for design or documentation

Exhibit 10.12

EXHIBIT B-1

PATENT LICENSE AGREEMENT

THIS PATENT LICENSE AGREEMENT ("**Agreement**") is made and entered into as of this 8th day of January, 2013 **("Effective Date"),** by and between Danotek (assignment for the benefit of creditors), LLC **("Licensor" or "Danotek ABC"),** a Delaware corporation, with a principal place of business at 1100 La Avenida St., Building A, Mountain View, CA 94043 and Tecogen, Inc., a Delaware corporation ("**Tecogen**"), with principal offices located at 45 First Avenue, Waltham, MA 02451.

1. DEFINITIONS.

1.1 "Affiliate" means an entity that now or hereafter directly or indirectly controls, is controlled by, or is under common control with Tecogen for so long as the control exists. The term "control" (and its correlative meanings) means possession, direct or indirect, of the power to direct or cause the direction of the management and policies of an entity, whether through the ownership of voting securities, by contract or otherwise.

1.2 "Licensee" means Tecogen and its Affiliates.

1.3 "Licensee Product" means the product sold to Licensee in the Asset Purchase Agreement Dated January 8, 2013.

1.4 "Listed Patents" means the provisional patent applications, patent applications, and patents listed in Schedule A, a copy of which is attached hereto.

1.5 "Retained Patents" means the provisional patent applications, patent applications, and patents listed on Schedule B, a copy of which is attached hereto, including any patents or patent applications to which the patents listed in Exhibit B to that certain Asset Purchase Agreement dated January 8, 2013 between Danotek ABC and Tecogen (the "Asset Purchase Agreement") form a basis for priority, or are co-owned applications that incorporate by reference, or are incorporated by reference into the patents or patent applications in the foregoing categories or reissues, reexaminations, extensions, continuations, continuations in part, continuing prosecution applications, requests for continuing examinations, divisions, and registrations of any item in any of the foregoing categories or foreign and multinational patents, patent applications and counterparts relating to any item in any of the foregoing categories, including, without limitation, certificates of invention and utility models; rights provided by multinational treaties or conventions for any item in any of the foregoing categories and any item in any of the foregoing categories, whether or not claims in any of the foregoing have been rejected, withdrawn, cancelled, or the like.

2. LICENSE.

2.1 Grant. For good and valuable consideration, the receipt of which is hereby acknowledged, Licensor hereby grants to Licensee an irrevocable, fully paid up, non exclusive, non-transferable (except as set forth in Section 9.7 hereof), worldwide license, under the Listed Patents, to make, use, sell, offer for sale,

and import Licensee Products and to practice all processes and methods in connection therewith. The license granted herein shall be sub-licensable to developers, end users and customers lawfully using Licensee's products and services to the extent of such use.

2.2 No Implied Licenses. Except for the express licenses granted in this Agreement, Licensor reserves all right, title and interest in the Listed Patents. No rights or licenses are granted under this Agreement, whether by implication, estoppel or otherwise, except as expressly set forth herein. No rights or licenses are granted under this Agreement with respect to the Retained Patents.

3. PAYMENT.

3.1 Fees. In consideration for Licensor's granting Licensee the license under this Agreement, Tecogen shall pay Licensor **[****]**

3.2 Taxes. Tecogen is responsible for all taxes, assessments and charges of any kind imposed upon or with respect to (i) the licensing of the Listed Patents to Licensee and (ii) the payment of fees to Licensor hereunder, except taxes based on Licensor's net income.

4. TERM.

4.1 Term. The term of this Agreement will commence upon the Effective Date and will expire upon expiration of the last to expire of the Listed Patents.

4.2 Survival. The definitions and the rights, duties and obligations of the parties in the following Sections will survive any termination or expiration of this Agreement: **2.2 (NO IMPLIED LICENSES), 4.2 (SURVIVAL), 5 (REPRESENTATIONS AND WARRANTIES OF LICENSOR), 6 (CONFIDENTIALITY),** 7 **(DISCLAIMER OF WARRANTIES), and 9 (GENERAL).** All other rights, licenses, and obligations of the parties under this Agreement will immediately cease upon any expiration of this **Agreement.**

5. REPRESENTATIONS AND WARRANTIES OF LICENSOR. Licensor is a corporation duly formed, validly existing, and in good standing under the laws of the jurisdiction of its formation. Licensor has the full corporate power and authority and has obtained all third party consents, approvals, and/or other authorizations required to enter into this Agreement and to carry out its obligations hereunder, including, without limitation, the licensing of the Listed Patents to Licensee.

6. CONFIDENTIALITY. Neither party will disclose any terms of this Agreement to anyone other than its attorneys, accountants, and other professional advisors under a duty of confidentiality until the earlier of: (a) five (5) years, (b) as required by law; or (c) in connection with a proposed merger, financing, or sale of that party's assets or business, on condition that the third party to whom the terms of this Agreement are to be disclosed signs a confidentiality agreement that contains terms consistent with those of this paragraph.

7. DISCLAIMER OF WARRANTIES. LICENSOR MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND IN CONNECTION WITH THIS AGREEMENT EXCEPT AS SET FORTH IN SECTION 4, AND DISCLAIMS AND EXCLUDES ALL WARRANTIES, WHETHER STATUTORY,

EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE, AND NON-INFRINGEMENT OF THIRD PARTY RIGHTS. WITHOUT LIMITING THE FOREGOING, LICENSOR MAKES NO WARRANTY OR REPRESENTATION THAT ANY MANUFACTURE, USE, IMPORTATION, OFFER FOR SALE OR SALE OF ANY PRODUCT OR SERVICE WILL BE FREE FROM INFRINGEMENT OF ANY PATENT OR OTHER INTELLECTUAL PROPERTY RIGHT OF ANY THIRD PARTY OR AS TO THE VALIDITY AND/OR SCOPE OF ANY PATENT OR PATENT CLAIMS LICENSED BY LICENSOR TO LICENSEE UNDER THIS AGREEMENT.

8. NO OBLIGATION TO OBTAIN OR MAINTAIN PATENTS. Licensor is not obligated to (a) file any patent application or to secure any patent or patent rights, or (b) maintain any patent in force.

9. GENERAL.

9.1 Relationship. Nothing in this Agreement will be deemed or construed as creating a joint venture or partnership between the parties or is intended or shall be construed to create any third party beneficiaries.

9.2 Amendments. This Agreement, and the terms and provisions hereof, may not be modified, waived or amended except by an instrument or instruments in writing signed by the party against whom enforcement of any such modification or amendment is sought (or, in the case of a waiver, by the intended beneficiary of the waived term or provision).

9.3 Modification and Waiver. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

9.4 Indemnified Losses. For the purpose of this Section 9.4 and when used elsewhere in this agreement, "***Loss***" shall mean and include any and all liability, loss, damage, claim, expense, cost, fine, fee, penalty, obligation, or injury including, without limitation, those resulting from any and all actions, suits, proceedings, demands, assessments, judgments, award, or arbitration, together with reasonable costs and expenses, including the reasonable attorneys' fees and other legal costs and expenses relating thereto.

9.5 No Indemnification by Licensor. Licensor is licensing to Licensee a worldwide license under the Listed Patents with no representations or warranties, including the implied warranties of merchantability, fitness for a particular purpose, title, and non-infringement of third-party rights. Licensor does not agree to defend, indemnify, or hold harmless Licensee, any parent, subsidiary, or affiliate of Licensee, and/or any director, officer, employee, stockholder, agent, or attorney of Licensee or of any parent, subsidiary, or affiliate of Licensee from and against and in respect of any Loss, which arises out of or results from the license described herein.

9.6 Indemnification by Licensee. Licensee agrees to defend, indemnify, and hold harmless Licensor and any parent, subsidiary, or affiliate of Licensor, and/or any manager, employee, member, agent, or attorney of Licensee or of any parent, subsidiary, or affiliate of Licensee from and against and in respect of any Loss, which arises out of or results from (i) Licensee's failure to comply with the terms set forth in this Agreement, and/or (ii) the use of the Listed Patents that are the subject of this Agreement.

9.7 Assignment. Except in connection with its merger, acquisition or sale of all or substantially all of its assets, Tecogen may not assign or transfer any of its rights under this Agreement without Licensor's prior written consent, not to be unreasonably withheld. Tecogen may also transfer or assign its rights under this Agreement to any Affiliate. Any attempted assignment or transfer in violation of this paragraph is void. This Agreement will be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns.

9.8 Governing Law. The laws of the State of California will govern all matters arising out of or relating to this Agreement.

9.9 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law, or public policy, all other conditions and provision of this Agreement will nevertheless remain in full force and effect, and the parties hereto will negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner.

9.10 Third Party Beneficiaries. Nothing in this Agreement, express or implied, is intended or shall be construed to create any third party beneficiaries.

9.11 Entire Agreement. This Agreement, including any exhibits hereto, constitute the entire agreement among the parties hereto with respect to the subject matter hereof and supersede all other prior and contemporaneous agreements, understandings or communications, either written and oral, between the parties with respect to the subject matter hereof.

9.12 Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be deemed an original, with the same effect as if the signatures were upon the same instrument. Delivery of the Agreement that includes an executed counterpart of the signature page by telecopier or electronic mail shall be as effective as delivery of an originally manually executed counterpart.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have caused their duly authorized representatives to execute this Agreement as of the Effective Date.

"Licensor" **"Tecogen"**

DANOTEK (ASSIGNMENT FOR THE BENEFIT OF CREDITORS), LLC

TECOGEN, INC.

/s/ Michael A. Maidy
Name: Michael A. Maidy
Title: Manager, Danotek (assignment for the benefit of creditors), LLC, in its sole and limited capacity as assignee for Danotek Motion Technologies, Inc.

/s/ Robert A. Panora
Name: Robert A. Panora
Title: President and COO

Portions of this exhibit were omitted and filed separately with the Secretary of the Securities and Exchange Commission pursuant to an application for confidential treatment filed with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934. Such portions are marked by [****].

Exhibit 10.12

Schedule A

Listed Patents

Patent Number	Application Number	Country Name	Title	Application Date	Patent Date
[****]	[****]	United States	[****]	[****]	[****]
	[****]	United States	[****]	[****]	
	[****]	United States	[****]	[****]	

Portions of this exhibit were omitted and filed separately with the Secretary of the Securities and Exchange Commission pursuant to an application for confidential treatment filed with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934. Such portions are marked by [****].

Exhibit 10.12

Schedule B

Retained Patents

Patent Number	Application Number	Country Name	Title	Application Date	Patent Date
[****]	[****]	United States	[****]	[****]	[****]
[****]	[****]	United States	[****]	[****]	[****]
	[****]	United States	[****]	[****]	
	[****]	United States	[****]	[****]	
	[****]	United States	[****]	[****]	
	[****]	United States	[****]	[****]	
	[****]	United States	[****]	[****]	
	[****]	United States	[****]	[****]	
	[****]	United States	[****]	[****]	
	[****]	United States	[****]	[****]	

Exhibit 10.12

EXHIBIT C

ASSIGNMENT AND BILL OF SALE AGREEMENT

This Assignment and Bill of Sale Agreement (the "Agreement") is made as of January 8, 2013, by and between Danotek (assignment for the benefit of creditors), LLC, a Delaware limited liability company, in its sole and limited capacity as Assignee for the Benefit of Creditors of Danotek Motion Technologies, Inc. (the "Seller"), and Tecogen, Inc. a [corporate or business identity of purchaser] (the "Buyer"). Seller and Buyer are parties to a certain Asset Purchase Agreement dated as of January 8, 2013, (the "Asset Purchase Agreement"). Capitalized terms used without definitions herein shall have the meanings ascribed to such terms in the Asset Purchase Agreement.

1. Sale and Assignment of Required Assets. Pursuant to the Asset Purchase Agreement, Buyer has on the date hereof purchased the Required Assets from Seller. In accordance with and subject to the terms and conditions set forth in the Asset Purchase Agreement, for good and valuable consideration, the receipt of which is hereby acknowledged, Seller does hereby sell, assign, bargain, transfer, convey and deliver unto Buyer all of its right, title and interest in and to the Required Assets.

2. Assumption of Assumed Liabilities. In accordance with and subject to the terms and conditions set forth in the Asset Purchase Agreement, in partial consideration for such transfer of the Required Assets by Seller to Buyer, Buyer hereby undertakes to assume, pay, perform, satisfy and discharge, all of the Assumed Liabilities. Buyer does not agree to assume or pay any Excluded Liabilities or any other debts, obligations or liabilities of Seller or Assignor not expressly assumed by Buyer in the Asset Purchase Agreement.

3. Cooperation. Buyer and Seller agree to cooperate with each other to execute and deliver such other documents and instruments and to do such further acts and things as may be reasonably requested by the other to evidence, document or carry out the sale of the Required Assets and the assumption of the Assumed Liabilities.

4. Effect of Agreement. Nothing in this Agreement shall, or shall be deemed to, modify or otherwise affect any provisions of the Asset Purchase Agreement or affect the rights of the parties under the Asset Purchase Agreement. In the event of any conflict between the provisions hereof and the provisions of the Asset Purchase Agreement, the provisions of the Asset Purchase Agreement shall govern and control.

[Signature Page Follows]

IN WITNESS WHEREOF, Seller and Buyer have caused this Assignment and Bill of Sale Agreement to be executed on the date first written above.

SELLER: **BUYER:**

Danotek (assignment for the benefit of creditors), LLC, solely as Assignee for the Benefit of Creditors of Danotek Motion Technologies, Inc.

Tecogen, Inc.

/s/ Michael Maidy

/s/ Robert A. Panora

By: Michael Maidy

By: Robert A. Panora

Its: Manager

Its: President

Exhibit 10.13

EXCLUSIVE LICENSE AGREEMENT

This Agreement is made effective the 5th day of February, 2007, by and between Wisconsin Alumni Research Foundation (hereinafter called "WARF"), a nonstock, nonprofit Wisconsin corporation, and Tecogen Inc. (hereinafter called "Licensee"), a corporation organized and existing under the laws of
Delaware;

WHEREAS, WARF owns certain intellectual property rights to the inventions described in the "Licensed Patents" defined below, and WARF is willing to grant a license to Licensee under any one or all of the Licensed Patents and Licensee desires a license under all of them;

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth below, the parties covenant and agree as follows:

Section l. Definitions.

For the purpose of this Agreement, the Appendix A definitions shall apply.

Section 2. Grant.

A. License.

WARF hereby grants to Licensee an exclusive license under the Licensed Patents to make, have made, use and sell Products in the Licensed Field and Licensed Territory. For a period of six (6) months following the date of this Agreement, the license to Licensee shall include any Improvements developed by Professor Robert Lasseter which are assigned to WARF during such six (6) month period.

B. License to WARF.

(i) Licensee hereby grants to WARF a non-exclusive, royalty-free, irrevocable, paid-up license, with the right to grant sublicenses to non-profit research institutions and governmental agencies, to practice and use any Improvements developed by or on behalf of Licensee for Non-Commercial Research Purposes. Licensee shall provide WARF with a written, enabling disclosure of each such invention, unambiguously identifying it as an invention governed by this paragraph, within six (6) months of the issuance of a patent thereon.

(ii) In the event that Licensee discontinues the use or commercialization of the Licensed Patents or any Improvements provided for under this Agreement, Licensee hereby agrees to grant to WARF an option to obtain a nonexclusive, royalty—bearing license, with the right to grant sublicenses, to practice and use said Improvements for commercial purposes. Licensee shall provide to WARF written notice that Licensee intends to discontinue such use or commercialization immediately upon making such a decision. WARF's option with respect to each Improvement shall expire sixty (60) days after WARF's receipt of said written notice from Licensee or, if WARF exercises its rights hereunder, one hundred and eighty (180) days after such exercise if WARF and Licensee are unable to agree on the terms of such royalty—bearing license. The failure of WARF to timely exercise its option under this paragraph shall be deemed a waiver of WARF's option, but only with respect to the Improvement(s) so disclosed.

C. Reservation of Rights.

WARF hereby reserves the right to grant non-profit research institutions and governmental agencies non-exclusive licenses to practice and use the inventions of the Licensed Patents for Non-Commercial Research Purposes.

WARF, the University of Wisconsin and the inventors of the Licensed Patents shall have the right to publish any information included in the Licensed Patents.

D. Option.

To the extent legally available, WARF shall grant Licensee an option to negotiate a license, having the same scope of the license granted to Licensee herein, to any Improvements developed by Professor Robert Lasseter which are assigned to WARF after July 31, 2007. WARF shall promptly notify Licensee of any such Improvement. Licensee's option with respect to each Improvement shall expire sixty (60) days after Licensee's receipt of said written notice from WARF or, if Licensee exercises its rights hereunder, one hundred and eighty (180) days after such exercise if WARF and Licensee are unable to agree on the terms of a license. The failure of Licensee to timely exercise its option under this paragraph shall be deemed a waiver of Licensee's option, but only with respect to the Improvement(s) so disclosed.

Section 3. Development.

A. Licensee shall use reasonable commercial efforts to develop, manufacture, market and sell Products in the Licensed Field and the Licensed Territory throughout the term of this Agreement. Such activities shall include, without limitation, those activities listed in the Development Plan attached hereto as Appendix E. Licensee agrees that said Development Plan is reasonable and that it shall take all reasonable commercial steps to meet the development program as set forth therein.

B. Beginning in calendar year 2007 and until the Date of First Commercial Sale, Licensee shall provide WARF with a written Development Report summarizing Licensee's development activities since the last Development Report and any necessary adjustments to the Development Plan. Licensee agrees to provide each Development Report to WARF on or before thirty (30) days from the end of each semi-annual period ending June 30 and December 31 for which a report is due, and shall set forth in each Development Report sufficient detail to enable WARF to ascertain Licensee's progress toward the requirements of the Development Plan. WARF agrees that the contents of each Development Report shall constitute "Confidential Information" for purposes of Section 18 of this Agreement. WARF reserves the right to audit Licensee's records relating to the development activities required hereunder. Such record keeping and audit procedures shall be subject to the procedures and restrictions set forth in Section 6 for auditing the financial records of Licensee.

C. Licensee agrees to and warrants that it has obtained, or will obtain, the expertise necessary to independently evaluate the inventions of the Licensed Patents and to develop Products for sale in the commercial market and that it so intends to develop Products for the commercial market. Licensee acknowledges that a failure by Licensee to reasonably implement the Development Plan, or to make timely submission to WARF of any Development Report, or the providing of any materially false information to WARF regarding Licensee's development activities hereunder, shall be a material breach of this Agreement in accordance with Section 7D of this Agreement.

Section 4. Consideration.

A. License Fee.

Licensee agrees to pay to WARF a license fee of **[****],** due within thirty (30) days of Licensee's execution of this Agreement.

B. Royalty.

In addition to the Section 4A license fee, Licensee agrees to pay to WARF as "earned royalties" a royalty in accordance with the terms and conditions of this Agreement. The royalty is deemed earned as of the earlier of the date an invoice is sent by Licensee or the date a Product is transferred to a third party for any promotional reasons.

The royalty shall be a fixed amount for each Product sold or transferred while this Agreement is in effect according to the following schedule: **[****]** for the first **[****]** Product units sold or transferred in a calendar year and **[****]** for each additional Product unit thereafter until the conclusion of that year.

C. Minimum Royalty.

Licensee further agrees to pay to WARF a minimum royalty of **[****]** per calendar year (prorated for any partial year during which this Agreement is in effect) starting in calendar year 2009, against which any earned royalty paid for the same calendar year will be credited. The minimum royalty for a given year shall be due at the time payments are due for the calendar quarter ending on December 31. It is understood that the minimum royalties will apply on a calendar year basis, and that sales of Products requiring the payment of earned royalties made during a prior or subsequent calendar year shall have no effect on the annual minimum royalty due WARF for any given calendar year.

D. Patent Fees and Costs.

(i) In consideration of Licensee's collaboration with the Inventor, the Patent Fees and Costs in the United States and Canada normally required are waived. Licensee agrees to pay WARF **[****]** for each European country in which Licensee desires WARF to pursue patent protection. Licensee shall pay to WARF such costs within thirty (30) days of receiving an invoice from WARF.

(ii) WARF is not obligated to make or maintain any other foreign filings of the Licensed Patents. lf Licensee desires WARF to obtain foreign protection in specific countries in Europe, Licensee must notify WARF in writing three (3) months prior to the expiration of the deadline for making such election, indicating those countries in which Licensee desires WARF to obtain European patent protection. Any country for which WARF files for such patent protection at Licensee's request shall be included in the Licensed Territory under this Agreement. WARF reserves the right to file a patent application, at its own expense, in any countries not requested by Licensee pursuant to this Section 4D. Licensee acknowledges that if the United States Government (through any of its agencies or otherwise) has funded research, during the course of or under which any of the inventions of the Licensed Patents were conceived or made, the United States Government is entitled, as a right, under the provisions of 35 U.S.C. § 200-212 and applicable regulations of Chapter 37 of the Code of Federal Regulations, to make and maintain foreign filings in those countries not selected by Licensee and/or WARF.

(iii) WARF will prosecute all national applications it files at Licensee's request pursuant to this Section 4D until WARF determines that continued prosecution is unlikely to result in the issuance of a patent in that country. If WARF decides to abandon prosecution or maintenance of any patent or patent application under the Licensed Patents in a country in which Licensee has requested WARF to make and maintain such filing, WARF shall provide Licensee notice of WARF's intent to abandon such application. In such event, Licensee shall have the right to continue prosecution of said application, at its own expense, on behalf of WARF and Licensee, to the extent allowed under applicable law.

E. Accounting Payments.

(i) Amounts owing to WARE under Section 4B shall be paid on a quarterly basis, with such amounts due and received by WARE on or before the thirtieth day following the end of the calendar quarter ending on March 31, June 30, September 30 or December 31 in which such amounts were earned. The balance of any amounts which remain unpaid more than thirty (30) days after they are due to WARE shall accrue interest until paid at the rate of the lesser of one percent (1%) per month or the maximum amount allowed under applicable law. However, in no event shall this interest provision be construed as a grant of permission for any payment delays.

(ii) Except as otherwise directed, all amounts owing to WARE under this Agreement shall be paid in U.S. dollars to WARE at the address provided in Section l6(a). WARE is exempt from paying income taxes

under U.S. law. Therefore, all payments due under this Agreement shall be made without deduction for taxes, assessments, or other charges of any kind which may be imposed on WARE by any government outside of the United States or any political subdivision of such government with respect to any amounts payable to WARF pursuant to this Agreement. All such taxes, assessments, or other charges shall be assumed by Licensee.

(iii) A full accounting showing how any amounts owing to WARE under Section 4B have been calculated shall be submitted to WARE on the date of each such payment. Such accounting shall be on a per-country and product line, model or trade name basis and shall be summarized on the form shown in Appendix C of this Agreement. In the event no payment is owed to WARE, a statement setting forth that fact shall be supplied to WARE. WARE agrees that the contents of each such accounting shall constitute "Confidential Information" for purposes of Section 18 of this Agreement.

Section 5. Certain Warranties.

A. WARE warrants that (i) except as otherwise provided under Section 14 of this Agreement with respect to U.S. Government interests, it is the owner of the Licensed Patents or otherwise has the right to grant the licenses granted to Licensee in this Agreement, and (ii) to the best of WARF's knowledge, no third party has made any claim or initiated any litigation or other proceeding that challenges the validity or scope of the Licensed Patents. Nothing in this Agreement shall be construed as:

(i) except as provided above, a warranty or representation by WARE as to the validity or scope of any of the Licensed Patents;

(ii) except as provided above, a warranty or representation by WARE that anything made, used, sold or otherwise disposed of under the license granted in this Agreement will or will not infringe patents of third parties; or

(iii) an obligation to furnish any know—how not provided in the Licensed Patents or any services other than those specified in this Agreement.

B. WARF MAKES NO REPRESENTATIONS, EXTENDS NO WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, AND ASSUMES NO RESPONSIBILITIES WHATSOEVER WITH RESPECT TO USE, SALE, OR OTHER DISPOSITION BY LICENSEE OR ITS VENDEES OR OTHER TRANSFEREES OF PRODUCTS INCORPORATING OR MADE BY USE OE INVENTIONS LICENSED UNDER THIS AGREEMENT.

C. Licensee represents and warrants that Products produced under the license granted herein shall be manufactured substantially in the United States as required by 35 U.S.C § 204 and applicable regulations of Chapter 37 of the Code of Federal Regulations.

Section 6. Recordkeeping.

A. Licensee shall keep books and records sufficient to verify the accuracy and completeness of Licensee's accounting referred to above, including without limitation inventory, purchase and invoice records relating to the Products or their manufacture. In addition, Licensee shall maintain documentation evidencing that Licensee is in fact pursuing development of Products as required herein. Such documentation may include, but is not limited to, invoices for studies advancing development of Products, laboratory notebooks, internal job cost records, and filings made to the Internal Revenue Department to obtain tax credit, if available, for research and development of Products. Such books and records shall be preserved for a period not less than six (6) years after they are created during and after the term of this Agreement.

B. Licensee shall take all steps necessary so that WARF may within thirty (30) days of its request review all the books and records at a single U.S. location to allow WARF to verify the accuracy of Licensee's royalty reports and Development Reports. Such review may be performed by any employee of WARF as well as by any attorney or registered CPA designated by WARF, upon reasonable notice and during regular business hours. The contents of all such books and records shall constitute "Confidential Information" for purposes of Section 18 of this Agreement.

C. If a royalty payment deficiency is determined, Licensee shall pay the royalty deficiency outstanding within thirty (30) days of receiving written notice thereof plus interest on outstanding amounts as described in Section 4E(i).

D. If a royalty payment deficiency for a calendar year [****], then Licensee shall be responsible for paying WARF's out-of-pocket expenses incurred with respect to such review.

Section 7. Term and Termination.

A. The term of this license shall begin on the effective date of this Agreement and continue until this Agreement is terminated as provided herein or until the earlier of the date that no Licensed Patent remains an enforceable patent or the payment of earned royalties under Section 4B, once begun, ceases for more than eight (8) consecutive calendar quarters.

B. Licensee may terminate this Agreement at any time by giving at least ninety (90) days written and unambiguous notice of such termination to WARF. Such a notice shall be accompanied by a statement of the reasons for termination.

C. WARF may terminate this Agreement by giving Licensee at least ninety (90) days written notice if the Date of First Commercial Sale does not occur on or before December 31, 2007.

D. If Licensee at any time defaults in the timely payment of any monies due to WARF or the timely submission to WARF of any Development Report, fails to actively pursue the development plan, or commits any material breach of any other covenant herein contained, and Licensee fails to remedy any such breach or default within ninety (90) days after written notice thereof by WARF, or if Licensee commits any act of bankruptcy, becomes insolvent, is unable to pay its debts as they become due, files a petition under any bankruptcy or insolvency act, or has any such petition filed against it which is not dismissed within sixty (60) days, or offers any component of the Licensed Patents to its creditors, WARF may, at its option, terminate this Agreement by giving notice of termination to Licensee.

E. Upon the termination of this Agreement, Licensee shall remain obligated to provide an accounting for and to pay royalties earned up to the date of the termination and any minimum royalties shall be prorated as of the date of termination by the number of days elapsed in the applicable calendar year.

F. Waiver by either party of a single breach or default, or a succession of breaches or defaults, shall not deprive such party of any right to terminate this Agreement in the event of any subsequent breach or default.

Section 8. Enforcement of Licensed Patents.

WARF intends to protect the Licensed Patents against infringers or otherwise act to eliminate infringement, when, in WARF's sole judgment, such action may be reasonably necessary, proper, and justified. In the event that Licensee believes there is infringement of any Licensed Patent under this Agreement which is to Licensee's substantial detriment, Licensee shall provide WARE with notification and reasonable evidence of such infringement. WARE shall have the sole and exclusive right to determine whether or not any action should be taken regarding any infringement of the Licensed Patents (at WARE's cost and for WARE's benefit), and such proceedings shall be under

the exclusive control of WARF. Upon request by WARF, Licensee shall take action, join in an action, and otherwise provide WARF with such assistance and information as may be useful to WARE in connection with WARF‘s taking such action (if the cause of action arose during the term of this Agreement and WARF reimburses Licensee for Licensees reasonable out-of-pocket expenses). However, if any infringement of the Licensed Patents which is to the substantial detriment of Licensee has not been discontinued within six (6) months after written request by Licensee to WARF and WARF has not by the end of such period taken action intended to abate or terminate the infringing action and Licensee's rights are still exclusive hereunder, Licensee shall have the right, with WARE 's written consent, which shall not be unreasonably withheld, to file a lawsuit to seek to stop such activity at its own expense. During such litigation Licensee shall act in good faith to preserve WARE 's right, title and interest in and to the Licensed Patent, shall keep WARF advised as to the status of the litigation and shall not enter into a settlement of such litigation without first allowing WARF the option of either approving the settlement or of continuing the litigation at WARE‘s expense for WARE‘s benefit (upon payment to Licensee of its out-of-pocket costs and expenses of the litigation). Nothing herein shall permit or allow Licensee to commence any action for infringement of the Licensed Patent for any activity allowed under a settlement arrangement entered into by WARF in good faith with a third party infringer.

Section 9. Assignability.

This Agreement may not be transferred or assigned by Licensee except with the prior written consent of WARF.

Section l0. Contest of Validity.

In the event Licensee contests the validity of any Licensed Patent, Licensee shall continue to pay royalties with respect to that patent as if such contest were not underway until the patent is adjudicated invalid or unenforceable.

Section 11. Patent Marking.

Licensee shall mark all Products or Product packaging with the appropriate patent number reference in compliance with the requirements of U.S. law, 35 U.S.C. § 287.

Section 12. Product Liability Patent Infringement; Conduct of Business

A. Licensee shall, at all times during the term of this Agreement and thereafter, indemnify, defend and hold WARF and the inventors of the Licensed Patents harmless against all claims and expenses, including legal expenses and reasonable attorneys fees, arising out of the death of or injury to any person or persons or out of any damage to property and against any other claim, proceeding, demand, expense and liability of any kind whatsoever resulting from the production, manufacture, sale, use, lease, consumption or advertisement of Products arising from any right or obligation of Licensee hereunder. Licensee shall have the right to control the defense of any such claim or litigation, provided that WARF at all times reserves the right to select and retain counsel of its own, at its own expense, to defend WARF’s interests.

B. Licensee warrants that it now maintains and will continue to maintain liability insurance coverage appropriate to the risk involved in marketing the products subject to this Agreement and that such insurance coverage is sufficient to cover WARF and the inventors of the Licensed Patents as additional insured. Within ninety (90) days after the execution of this Agreement and thereafter annually between January 1 and January 31 of each year, Licensee will present evidence to WARF that such coverage is being maintained. In addition, Licensee shall provide WARF with at least thirty (30) days prior written notice of any change in or cancellation of the insurance coverage.

Section 13. Use of Names.

Neither party hereto shall use the other party’s name, the name of any inventor of inventions governed by this Agreement, or the name of the University of Wisconsin or Tecogen in any sales promotion, advertising, or any other form of publicity without the prior written approval of the entity or person whose name is being used.

Section 14. United States Government Interests.

It is understood that if the United States Government (through any of its agencies or otherwise) has funded research, during the course of or under which any of the inventions of the Licensed Patents were conceived or made, the United States Government is entitled, as a right, under the provisions of 35 U.S.C. §§ 200-212 and applicable regulations of Chapter 37 of the Code of Federal Regulations, to a nonexclusive, nontransferable, irrevocable, paid-up license to practice or have practiced the invention of such Licensed Patents for governmental purposes, Any license granted to Licensee in this Agreement shall be subject to such right.

Section 15. Miscellaneous.

This Agreement shall be governed by and construed in all respects in accordance with the laws of the State of Wisconsin. If any provisions of this Agreement are or shall come into conflict with the laws or regulations of any jurisdiction or any governmental entity having jurisdiction over the parties or this Agreement, those provisions shall be deemed automatically deleted, if such deletion is allowed by relevant law, and the remaining terms and conditions of this Agreement shall remain in full force and effect. If such a deletion is not so allowed or if such a deletion leaves terms thereby made clearly illogical or inappropriate in effect, the parties agree to substitute new terms as similar in effect to the present terms of this Agreement as may be allowed under the applicable laws and regulations. The parties hereto are independent contractors and not joint venturers or partners.

Section l6. Notices.

Any notice required to be given pursuant to the provisions of this Agreement shall be in writing and shall be deemed to have been given at the earlier of the time when actually received as a consequence of any effective method of delivery, including but not limited to hand delivery, transmission by telecopier, or delivery by a professional courier service or the time when sent by certified or registered mail addressed to the party for whom intended at the address below or at such changed address as the party shall have specified by written notice, provided that any notice of change of address shall be effective only upon actual receipt.

(a) Wisconsin Alumni Research Foundation
Attn: Managing Director
6l4 Walnut Street
Madison, Wisconsin 53726

(b) Tecogen, Inc.
Attn: President
45 First Avenue
Waltham, MA 02451

Section 17. Integration.

This Agreement constitutes the full understanding between the parties with reference to the subject matter hereof and no statements or agreements by or between the parties, whether orally or in writing, except as provided for elsewhere in this Section 17, made prior to or at the signing hereof, shall vary or modify the written terms of this Agreement. Neither party shall claim any amendment, modification, or release from any provisions of this Agreement by mutual agreement, acknowledgment, or otherwise, unless such mutual agreement is in writing, signed by the other party, and specifically states that it is an amendment to this Agreement.

Section 18. Confidentiality.

Both parties agree to keep any information identified as confidential by the disclosing party, confidential using methods at least as stringent as each party uses to protect its own confidential information. "Confidential Information" shall include Licensee's development plan and development reports, the Licensed Patents and all information concerning them and any other information marked confidential or accompanied by correspondence indicating such information is confidential exchanged between the parties hereto. Except as may be authorized in advance in writing by WARF, Licensee shall grant access to the Confidential Information only to its own employees involved in research relating to the Licensed Patents and Licensee shall require such employees to be bound by this Agreement as well. Licensee agrees not to use any Confidential Information to its advantage and WARF's detriment, including but not limited to claiming priority to any application serial numbers of the Licensed Patents in Licensee's patent prosecution. The confidentiality and use obligations set forth above apply to all or any part of the Confidential Information disclosed hereunder except to the extent that:

(i) Licensee or WARF can show by written record that it possessed the information prior to its receipt from the other party;

(ii) the information was already available to the public or became so through no fault of the Licensee or WARF;

(iii) the information is subsequently disclosed to Licensee or WARF by a third party that has the right to disclose it free of any obligations of confidentiality; or (iv) five (5) years have elapsed from the termination or other expiration of this Agreement.

Section 20. Authority.

The persons signing on behalf of WARF and Licensee hereby warrant and represent that they have authority to execute this Agreement on behalf of the party for whom they have signed.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement on the dates indicated below.

WISCONSIN ALUMNI RESEARCH FOUNDATION

By: /s/ Craig J, Christianson Date: February 5, 2007
Craig J. Christianson, Director of Licensing

TECOGEN INC.

By: /s/ Robert A. Panora Date: February 5, 2007
Robert A. Panora, President and COO

Reviewed by WARF's Attorney

_____ Date: _____
(WARF's attorney shall not be deemed a signatory to this Agreement.)
WARF Ref: Lasseter — P02205US

Appendix A

A. "Licensed Patents" shall refer to and mean those patents and patent applications listed on Appendix B attached hereto in countries in the Licensed Territory and any subsequent patent application owned by WARF in a country in the Licensed Territory but only to the extent it claims an invention claimed in a patent application listed on Appendix B.

B. "Improvements" shall mean any patented modification of an invention described in the Licensed Patents that (l) would be infringed by the practice of an invention claimed in the Licensed Patents; or (2) if not for the license granted under this Agreement, would infringe one or more claims of the Licensed Patents.

C. "Products" shall refer to and mean any and all products that employ or are in any way produced by the practice of an invention claimed in the Licensed Patents or that would otherwise constitute infringement of any claims of the Licensed Patents.

D. "Date of First Commercial Sale" shall mean the date when cumulative sales to the retail market of Products exceeds $20,000.

E. "Development Report" shall mean a written account of Licensee's progress under the development plan having at least the information specified on Appendix D to this Agreement, and shall be sent to the address specified on Appendix D.

F. "Licensed Field" shall mean any application or use with spark ignited natural gas reciprocating engines of size equal to or less than 500 kW where the primary use is to produce electricity while simultaneously recovering waste heat from the engines for useful purpose.

G. "Licensed Territory" shall be worldwide.

H. "Non-Commercial Research Purposes" shall mean the use of the inventions of the Licensed Patents and/or Improvements for academic research purposes or other not-for-profit scholarly purposes not involving the use of the inventions of the Licensed Patents or Improvements to perform services for a fee or for the production or manufacture of products for sale to third parties.

Appendix B

LICENSED PATENTS

REFERENCE NUMBER	COUNTRY	PATENT NUMBER	ISSUE DATE	APPLICATION SERIAL NUMBER
CONTROL OF SMALL DISTRIBUTED ENERGY RESOURCES (LASSETER Robert H, PIAGI Paolo)				
P02205US	UNITED STATES	7,116,010	10/03/2006	10/245729
P02205CA	CANADA			2497567
P02205EU	EUROPE			3742007.2
P05242US	UNITED STATES			11/084737

Portions of this exhibit were omitted and filed separately with the Secretary of the Securities and Exchange Commission pursuant to an application for confidential treatment filed with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934. Such portions are marked by [****].

Exhibit 10.15

SALES REPRESENTATIVE AGREEMENT

THIS AGREEMENT made on the 20the day of October, 2009 by and between Ilios Dynamics, a Massachusetts corporation with its principal office located at 45 First Avenue, Waltham, MA, 02451 ("Ilios"), and American DG Energy, a Massachusetts corporation with an office located at 45 First Avenue, Waltham, MA (the "Representative").

WITNESSETH:

Whereas, Ilios is engaged in the manufacture and sale of products including industrial equipment and accessories;

Whereas, the Representative desires to promote and to solicit the sale of certain of said products;

Now, therefore, in consideration of the premises and for other good and valuable consideration each to the other given, the parties hereto agree as follows:

1. Rights of the Representative. The Representative shall be an authorized representative of Ilios with the right to solicit the sale of Ilios products and services in accordance with the terms of this Agreement, and/or to buy and resell such Ilios products as, under the terms of this Agreement, may be offered by Ilios from time to time.

2. Ilios Policies and Procedures. The Representative shall comply with Ilios's sales, service and service parts policies and procedures, as such policies and procedures are furnished to the Representative from time to time. Ilios shall furnish sales materials at no cost to the Representative.

3. List of Products and Services. Ilios hereby authorizes the Representative to solicit the sale of the products and services set forth on the document marked Appendix "A" attached hereto and made a part hereof (the "Products"). The Representative agrees that Ilios may from time to time modify this Agreement by providing to the Representative a substitute Appendix "A".

4. Equipment Pricing.
A commission shall be paid to the Representative for the sale of all Products listed on Appendix "A" sold on a commission basis by the Representative within the Territory, as set forth in Appendix "D" (the "Territory"), during the term of this Agreement in accordance with Paragraph 5. Par, or standard sales price to the purchaser of the Products shall be equal to the Par Value Multiplier set forth in Appendix "B" times the amount at which such Products are then listed on Ilios's current price list.

5. Determination and Payment of Commissions to the Representative.

   a. Representative shall be entitled to full commission on each order for which all of the following occur in the Territory: (1) Product Specification, (2) Issuance of an Order, and (3) Installation of a Product. However, when one or more of these three functions occurs in a territory other than the Territory, the commission for all functions shall be distributed as per Appendix "C" and subject to Section d of this Paragraph 5. The whole commission amount will be computed as follows:

      i. Products sold at par or standard sales price shall return a commission to the Representative equal to the Par Commission Multiplier set forth in Appendix "B" times the net sales price (sales price after deducting transportation charges, applicable taxes, design and/or installation consulting fees, startup and/or first year service monies, collection fees, rebates or returns.)

ii. Products sold above par or standard sales price: Net overage shall be shared equally by the Representative and Ilios.

iii. Products sold below par or standard sales price: Net underage shall be borne equally by the Representative and Ilios.

iv. The minimum sale price for Products shall be equal to the Minimum Price Multiplier set forth on Appendix "B" times the current published list price. This price will be the lowest price available for the Ilios products to any customer or representative.

v. The Representative may choose to forego receiving a commission and purchase the equipment directly from Ilios. The Ilios sale price for Buy/Resell is equal to Buy/Resell Multiplier set forth on Appendix "B" times the Product list price (including all supplied optional equipment). The cost of transportation charges, applicable taxes, design and/or installation consulting fees, startup and/or first year service monies, collection fees, rebates or returns are the sole responsibility of the Representative.

b. Commissions shall be paid to the Representative within ten (10) days after full payment of the invoice by the purchaser of the Products. If for any reason Ilios does not receive full payment from the customer, the Representative shall receive only his pro rata share of the commission for the portion of the net sales price actually received by Ilios.

c. It is understood and agreed that all commissions under this paragraph 5 shall be subject to such split commissions policies as Ilios may from time to time promulgate. The Representative recognizes and agrees that Ilios may change any of the multipliers in Appendix "B" by giving thirty (30) days prior notice to the Representative.

d. Notwithstanding anything to the contrary in this Paragraph 5 or elsewhere in this Agreement, commissions shall be due and payable to the Representative only on orders which the Representative has demonstrated reasonable efforts to solicit and procure in accordance with its responsibilities set forth in Paragraph 9.

6. Product Orders.

Product orders submitted by the Representative shall be deemed to be an offer to purchase by the purchaser, and are subject to final approval and acceptance by Ilios at its Home Office in Waltham, Massachusetts.

7. Price Changes. The Representative recognizes and agrees that Ilios may change the price of any Product at any time upon thirty (30) days prior written notice to the Representative.

8. Representative Is Independent Contractor. The Representative shall act as an independent contractor. Nothing contained in this Agreement shall be construed to create the relationship of employer and employee between Ilios and the Representative or between Ilios and any agent or any employee of the Representative. Without limiting the foregoing, the Representative shall have no authority to act for or to bind Ilios in any way, to alter any of the terms or conditions of any standard forms or other agreements of Ilios with purchasers of products, to make representations or warranties or to execute agreements on behalf of Ilios or to represent that Ilios is in any way responsible for the acts or omissions of the Representative. The Representative shall indemnify and hold Ilios harmless for any liability, loss or damage (including reasonable attorney's fees) to Ilios resulting from a violation of this Paragraph 8.

9. Responsibilities of Representative.

a. The Representative shall promote the sale of the Products set forth on Appendix "A" and render sales and technical services in the Territory.

b. The Representative shall not personally or through its employees represent himself or themselves as officers or employees of Ilios.

c. It is acknowledged and agreed by the parties that the policy of Ilios prohibits the payment by any employee or any sales representative of any substantial fee, gift or any other form of compensation as a consideration for or inducement to the obtaining of any contract or order or for the procurement of goods or services on behalf of Ilios. The Representative shall not make any unlawful payments in order to secure a sale or improve its competitive position, and the Representative shall perform its obligations under this Agreement in accordance with all laws, ordinances, rules and regulations of any and all applicable public authorities.

d. The Representative shall devote its best efforts to promote the maximum sale of the Products in the Territory and to that end shall be required:

   i. To make personal calls on customers and prospective customers in the Territory as frequently as possible and as required by Ilios.

   ii. To render sales and technical services to customers and prospective customers, both before and after sale, as required.

   iii. To maintain an office equipped with telephone service during business hours to assure rapid communications.

   iv. To maintain a staff adequate to provide sales coverage in the Territory.

   v. To report on calls made to customers and prospective customers at such times as are requested by Ilios.

   vi. To furnish Ilios with copies of all letters and other written information submitted by the Representative to customers and prospective customers.

   vii. To assist Ilios, at the Representative's expense, in presentations at trade shows and in sales promotional campaigns when required by Ilios.

e. The Representative shall pay and be responsible for all expenses in connection with the performance of the terms and conditions of this Agreement on its part, including but not limited to rent, light, heat, telephone, telegraph, postage, stationery, office supplies, salaries of all employees and travel and entertainment expense, and Ilios shall have no responsibility or liability therefor.

f. The Representative shall, prior to the commencement of each calendar quarter, furnish to Ilios sales forecasts for the customers in the Territory for such quarter.

g. The Representative shall maintain customer contacts with respect to such items as drawings, specifications, termination claims, controversial items, and any other transactions directly or incidentally arising from the processing of the business of a customer or prospective customer, or from the initiation, administration or continuation of contacts with that customer.

h. The Representative shall not receive any funds or enter into any contractual liability on behalf of Ilios.

i. The Representative shall report available information as to the credit standing of potential or actual customers to Ilios.

j. The Representative shall report to Ilios any violations of Ilios's trademarks by other parties of which the Representative becomes aware.

k. The Representative agrees to indemnify and save harmless Ilios from all losses and damages (including reasonable attorney's fees) that Ilios may sustain or become liable for by reason of claims against it resulting from unauthorized acts or statements of the Representative or the Representative's employees, agents or representatives.

l. The Representative will use its best efforts to assist Ilios, upon its request, with any collections for Products sold in the Territory, and shall remit to Ilios any amounts paid to the Representative by a customer for Products, inadvertently or otherwise.

m. The parties agree to a quarterly review of the Representative's sales and/or promotional performance in accordance with the terms of this Agreement and with the sales quotas set forth in Appendix “F”.

10. Term and Termination.

a. The initial term of this Agreement shall commence and be effective as of the date first above written and shall terminate on the fifth anniversary of such date. Thereafter this Agreement shall be renewed for successive one-year terms unless either party provides to the other party written notice of its intent to terminate, with or without cause, at least sixty (60) days prior to the end of the term. Notwithstanding anything to the contrary in this Section a of this Paragraph 10, this Agreement may be terminated early pursuant to Section b of this Paragraph 10.

b. This Agreement may be terminated for any reason by either party upon sixty (60) days prior written notice to the other party. This Agreement may be terminated with cause, as defined below, by either party upon thirty (30) days prior written notice to the other party, except that in the event that a party becomes insolvent or seeks to terminate its existence, or in the event that any petition in bankruptcy, either voluntary or involuntary, is filed with respect to the business of a party, the other party may terminate this Agreement effective immediately upon the delivery of written notice.

c. Upon either receipt of or mailing of notice of termination of this Agreement, the Representative shall, within ten (10) working days, submit to Ilios at its home office in Waltham, Massachusetts a written list of outstanding quotations or pending projects originated by the Representative. Ilios shall pay the Representative a commission for such quotations and/or pending projects for which orders and payment are received after termination resulting in shipments in accordance with the following schedule:

i. Approved Orders within 30 days of termination shall result in 60% of the net commission described in Paragraph 5 to the Representative.

ii. Approved Orders within thirty-one (31) to sixty (60) days of termination shall result in 40% of the net commission described in Paragraph 5 to the Representative.

iii. Approved Orders within sixty-one (61) to ninety (90) days of termination shall result in 20% of the net commission described in Paragraph 5 to the Representative.

iv. Approved Orders later than ninety (90) days of termination shall result in no commission to the Representative.

d. It is understood and agreed that if, upon the date of mailing of notice of termination, the Representative is indebted to Ilios, such indebtedness may partially or wholly be satisfied by offsetting any commissions then due, or thereafter becoming due, to the Representative.

e. It is further understood and agreed that the Representative waives any commissions under Section c of Paragraph 10 if, as agent for a competitor of Ilios, the Representative attempts to secure for such competitor orders for products and services covered by the specific quotation and/or projects referenced in Section c of this Paragraph 10.

f. Cause for termination shall mean (a) breach by either party of its obligations under this Agreement or (b) in the case of the Representative, (i) failure to meet any sales quota set for in Appendix "F" or (ii) failure to maintain positive working relationships, as demonstrated in the quarterly review of the Representative's performance pursuant to Section m of Paragraph 9, with utilities, customers or other entities important to Ilios's business within the Territory.

11. Marketing Territory. Ilios grants the Representative the privilege to solicit exclusively all purchasers in the Territory, subject to the exclusions set forth in Appendix "E. Subject to the preceding sentence, Ilios will not sell any Products within the Territory except through the Representative..

12. Competing Products. The Representative has the right to carry and sell products other than and in addition to the Products provided, however, that unless otherwise agreed by the parties, the Representative shall not sell, distribute, advertise or in any way deal in or with any products, which, in the opinion of Ilios, are competitive with any of the Products.

13. Confidentiality. The Representative shall maintain the confidentiality of, and not disclose to others, any confidential or proprietary information of Ilios that it may now have or may hereafter obtain, including without limitation specifications, technical reports, customer lists and product plans relating to Ilios's business or products.

14. Proprietary Rights; Trademarks. The Representative shall conduct its business under its own name. Neither this Agreement nor any sale of Products under this Agreement shall be construed as granting to the Representative any license or right in or to any patent, copyright, trademark or other proprietary right of Ilios. The Representative shall not use any trademarks or tradenames of Ilios in any manner, except as authorized in writing by Ilios or in connection with the use of literature supplied by Ilios. The Representative shall discontinue such usage upon the termination of this Agreement.

15. Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given when delivered in person or, if mailed, when mailed by United States certified or registered mail, postage prepaid, to the parties at the addresses first set forth above or at such other address as may be given in writing by either party to the other in accordance with this Paragraph 15.

16. Assignability. The Representative acknowledges that Ilios is entering into this Agreement in reliance upon the personal reputation, qualifications and abilities of the present owner or owners of the Representative's business and operations, and accordingly, the Representative may not assign its rights or obligations under this Agreement, either voluntarily or by operation of law, except with the prior written

consent of Ilios. A change in control of the Representative's business shall be deemed to be an assignment for this purpose.

17. Sales of Units Outside the Assigned Territory. The representative shall have the right to purchase Product at the buy/resell price for installation outside the exclusive territory assigned under Appendix D, so long as the intended use is for energy projects whereas the representative retains complete long-term ownership of the Product. Long-term ownership is defined herein as five years or more.

18. Miscellaneous.

a. This Agreement shall be construed according to the laws of the Commonwealth of Massachusetts.

b. This Agreement constitutes the entire understanding between the parties relating to the subject matter of this Agreement and supersedes all prior writings, negotiations or understandings with respect thereto. No modification or addition to this Agreement shall have any effect unless it is set forth in writing and signed by both parties.

c. The waiver by Ilios of any breach of any provision of this Agreement shall not be construed as a continuing waiver of such breach or as a waiver of other breaches of the same or of other provisions of this Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement to be effective as of the day and year first written above.

Ilios Dynamics	**American DG Energy**
(Ilios)	(Representative)
By: /s/ Robert A. Panora	By: /s/ Barry J. Sanders
Robert A. Panora	Barry J. Sanders
Title: President	Title: President & COO

APPENDIX "A" - PRODUCTS

The Representative shall have the right to solicit the sale of all Ilios products and services set forth below.

- All Ilios Dynamics Natural Gas Engine-Driven Heating Products, including options and accessories.
- Service parts not included, but open to discussion at a future date.

Exhibit 10.15

APPENDIX "B" - MULTIPLIERS

The parties agree to the multipliers set forth below:

Par Value Multiplier (PVM) - [****]

Par Commission Multiplier (PCM) -[****]
Minimum Price Multiplier (MPM) - [****]

Multiplier/Commission Schedule

Designation	Multiplier	Commission
Par	[****]	[****]
	]****]	[****]
	[****]	[****]
	[****]	[****]
	[****]	[****]
	[****]	[****]
	[****]	[****]
	[****]	[****]
	[****]	[****]
	[****]	[****]
Minimum	[****]	[****]
Buy/Resell	[****]	[****]

Notes:

1. **Shaded Multipliers correspond to [****] commission**

2. **Commission calculation accounts for underage split (par multiplier = [****])**

3. **Representative may choose to sell the product through the Buy/Resell provision outlined in Paragraph 5.a.v.**

Exhibit 10.15

APPENDIX "C" - COMMISSION SPLIT

The following is the commission split, as described in Paragraph 5:

(1) Product Specification : 40%
(2) Issuance of Order : 40%
(3) Installation of Product : 20%

If there is no representative in any of the territories where the events described in clause (1), (2) or (3) above take place, then the payment which would have been made to such representative shall be retained by Ilios. To eliminate dispute, documents (e.g., quotations, correspondence or specifications) relevant to the sale must promptly be sent to Ilios to substantiate a claim by the Representative to a share of commission payments.

Ilios reserves the right, in its sole discretion, to establish, and from time to time to change, its policy for determining what elements will be considered in the division of compensation among representatives and territories and the amount of compensation to be allocated to each. The decision of Ilios on the application of the above rules or any revised rules to any particular order shall be final and binding on the Representative.

Ilios shall use its best efforts, prior to or concurrently with the quotation of an order, to notify the Representative that the commissions on such order may be split and to indicate the basis for such split (subject to revision upon the acceptance of the order). In an event shall the total commissions, which Ilios is required to pay on a single order, exceed the amount of the commission payable pursuant to Paragraph 5.

APPENDIX “D” - TERRITORY

The Representative shall have the right to solicit the sale of all Ilios products and services set forth in Appendix “A” in the marketing territory of the New England States including Connecticut, Rhode Island, Massachusetts, New Hampshire, Vermont and Maine. The marketing territory shall also include all the nations in the European Union.

APPENDIX "E" - EXCLUDED CUSTOMERS

The parties agree to the following list of "Excluded Customers".

1. Any customer who purchases or installs any equipment for:

   a. Any Ilios research and development project.

   b. Any Ilios field demonstration unit.

   c. Any research and development project of a customer of Ilios.

APPENDIX "F" - SALES QUOTAS

Although the performance of the Representative is to be reviewed on a quarterly basis, the sales quotas are to be set for each calendar year. The sales quota is the value of orders accepted by the Company for products as laid out in Appendix "A" as sold by the Representative.

Sample Sales Quota

The sales quota for the Representative, for the period ending month, day, year is:

$amount in quotations or $amount in Sales or installation of_____ tons of equipment
And for the year ending month, day, year *is:*

$amount in quotations or $amount in Sales or installation of _____ tons of equipment
Future sales quotas will be developed as the market is further defined.

Exhibit 10.16

FIRST AMENDMENT TO THE SALES REPRESENTATIVE AGREEMENT

THIS FIRST AMENDMENT TO THE SALES REPRESENTATIVE AGREEMENT dated as of November 12, 2013 (this "Amendment") between Ilios Inc., a Massachusetts corporation with its principal office located at 45 First Avenue, Waltham, MA, 02451 and American DG Energy Inc., a Delaware corporation ("ADG Energy").

WHEREAS, Ilios and ADG Energy are parties to a Sales Representative Agreement, dated October 20, 2009 (the "Agreement");

WHEREAS, Appendix D "Territory" of the Agreement provides that ADG Energy shall be granted exclusive representation rights to the Ilios Heat Pump Product in the European Union (EU);

WHEREAS, Ilios and ADG Energy wish to amend the agreement to allow Ilios to appoint additional representation in the European Union;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. Appendix D "Territory" of the Agreement is hereby replaced in its entirety to read as follows:

APPENDIX "D" - TERRITORY

The Representative shall have the right to solicit the sale of all Ilios products and services set forth in Appendix "A" in the marketing territory of the New England States including Connecticut, Rhode Island, Massachusetts, New Hampshire, Vermont and Maine.

For nations of the European Union (EU) ADG Energy shall have the right to purchase Ilios products directly from Ilios at prices set forth in Appendix "A" so long as the ADG Energy's intended use is to retain long-term ownership of the Ilios product and utilize it for the production and sale of thermal energy (i.e., ADG Energy/EuroSite Power "On-Site Utility" energy projects). In cases where the ADG Energy has the opportunity to sell Ilios product to an unaffiliated party in the EU and where Ilios has no other appointed representation in that specific region, the ADG Energy may buy/resell the Ilios product as specified under the terms of this contact. If, however, Ilios has appointed a local exclusive representative in that specific EU region, American DG Energy will defer to the local representative for pricing and other specific details for working cooperatively.

IN WITNESS WHEREOF, the parties hereto have caused this Facilities and Support Services Agreement to be duly executed and delivered by their proper and duly authorized representatives as of the effective day first above written.

TECOGEN INC. **AMERICAN DG ENERGY INC.**

By: /s/ Bonnie J. Brown_____ By: /s/Jesse Herrick_____
Name: Bonnie J. Brown Name: Jesse Herrick
Title: Chief Financial Officer Title: Chief Financial Officer

FIRST AMENDMENT TO THE
REVOLVING LINE OF CREDIT AGREEMENT

THIS FIRST AMENDMENT TO THE REVOLVING LINE OF CREDIT AGREEMENT dated as of August 13, 2013 (this "Amendment") between John Hatsopoulos (" Lender") and Tecogen Inc., a corporation organized under the laws of Delaware ("Borrower").

WHEREAS, Lender and Borrower are parties to that certain Revolving Line of Credit Agreement, dated March 25, 2013 (the "Agreement"), pursuant to which Lender agreed to lend to Borrower funds from time to time;

WHEREAS, the Agreement provides that the aggregate principal amount of funds outstanding under the Agreement at any time shall not exceed $1,000,000;

WHEREAS, Lender and Borrower desire to increase the aggregate principal amount of funds which may be outstanding under the Agreement at any time to $1,500,000; and

WHEREAS, Lender and Borrower wish to amend the Agreement as further provided in this Amendment.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. The aggregate principal amount of funds which may be outstanding under the Agreement at any time is hereby increased to $1,500,000.

2. The following sentence is hereby inserted at the end of Section 2: Interest shall not be compounding and shall not accrue on any unpaid interest.

3. Section 5 of the Agreement is hereby replaced in its entirety to read as follows:

5. REPAYMENT. The entire unpaid principal balance, together with any accrued interest and other unpaid charges or fees hereunder, shall be due and payable on the Maturity Date. All payments shall be made to Lender at such place as Lender designates from time to time. All payments received hereunder shall be applied first to any costs or expenses incurred by Lender in collecting such payment or to any other unpaid charges or expenses due hereunder; second to accrued interest; and third to principal. Borrower may prepay principal at any time without penalty. Borrower may prepay accrued interest, provided that prepayment may not be made prior to January 1, 2014.

4. The form of Promissory Note attached to the Agreement is hereby replaced by the form of Promissory Note attached hereto as Exhibit A.

5. Lender confirms that, as of the date hereof, Borrower is in compliance with all of its obligations under the Agreement.

6. This Amendment shall be effective as of the day and year first above written. Except as amended hereby, and as so amended, the Agreement shall remain in full force and effect and shall be otherwise unaffected hereby.

7. This Amendment shall be deemed to be a contract made under, and shall be construed in accordance with, the laws of the Commonwealth of Massachusetts, without giving effect to conflict of laws principles thereof.

8. This Amendment may be executed in separate counterparts, each of such counterparts shall for all purposes be deemed to be an original and all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their proper and duly authorized representatives as of the effective day first above written.

LENDER:	**BORROWER:**
	Tecogen Inc.
/s/ John N. Hatsopoulos	By:/s/ Bonnie J. Brown
John N. Hatsopoulos	Name: Bonnie J. Brown
	Title: Chief Financial Officer

TECOGEN INC.
PROMISSORY NOTE

U.S. $1,500,000.00 August 13, 2013

FOR VALUE RECEIVED, Tecogen Inc., a corporation organized under the laws of Delaware ("Borrower"), with offices located at 45 First Avenue, Waltham, Massachusetts 02451, agrees to pay to **John N. Hatsopoulos** ("Lender"), residing at 3 Woodcock Lane, Lincoln, Massachusetts 01773, or order, the principal sum of One Million Five Hundred Thousand U.S. Dollars ($1,500,000), or so much of that sum as may be advanced under that certain Revolving Line of Credit Agreement between Borrower and Lender, dated March 25, 2013, as amended from time to time (the "Credit Agreement"), on March 1, 2014 (the "Maturity Date"), together with interest from the date hereof on the unpaid principal balance at the rate specified below, until repaid in full. Prepayment of principal, together with accrued interest, may be made at any time without penalty, provided that prepayment of interest may not be made prior to January 1, 2014. Interest hereon shall accrue from the date hereof at the Bank Prime Rate as quoted from time to time in the Wall Street Journal plus one and one half percent (1.5%) per annum.

In the event that any amount of principal hereof, or (to the extent permitted by applicable law) any interest hereon or any other amount payable hereunder is not paid in full when due (whether as scheduled, on demand, by acceleration or otherwise), Borrower shall pay interest (after as well as before entry of judgment thereon to the extent permitted by law) on such unpaid amount to Lender, from the date such amount becomes due until the date such amount is paid in full, payable on demand of Lender at a rate per annum equal at all times to 12% per annum (the "Default Rate"). Additionally, and without limiting the foregoing, following the occurrence and during the continuance of any Event of Default (as defined below), at the option of Lender, the interest rate shall be the Default Rate. Such interest on overdue amounts shall be payable on demand. All computations of interest shall be made on the basis of a year of 360 days for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable. Each determination by Lender of any applicable rate of interest, and of any change therein, in the absence of manifest error shall be conclusive and binding on the parties hereto.

Payment shall be made in lawful tender of the United States unconditionally in full without set-off, counterclaim or, to the extent permitted by applicable law, other defense, all of which rights of Borrower are hereby expressly waived by Borrower. All payments hereunder shall be made to Lender at Lender's address set forth above (or to such other place as Lender shall designate in a written notice to Borrower), and, unless Borrower has obtained Lender's written consent to another form of payment, such payment shall be made by wire transfer of immediately available funds by no later than 12:00 noon (Boston time) on the due date of the payment, in accordance with Lender's payment instructions.

Whenever any payment hereunder shall be stated to be due, or whenever any interest payment date or any other date specified hereunder would otherwise occur, on a day other than a Business Day (as defined below), then such payment shall be made, and such interest payment date or other date shall occur, on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest hereunder. As used herein, "Business Day" means a day (i) other

than Saturday or Sunday, and (ii) on which commercial banks are open for business in Boston, Massachusetts.

Borrower represents and warrants to Lender that:

(i) Organization and Powers. Borrower is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and has all requisite power and authority to own its assets and carry on its business and to execute, deliver and perform its obligations under this Note.

(ii) Authorization; No Conflict. The execution, delivery and performance by Borrower of this Note have been duly authorized by all necessary corporate action of Borrower and do not and will not (A) contravene the terms of the organizational documents of Borrower; or (B) result in a breach of or constitute a default under any material lease, instrument, contract or other agreement to which Borrower is a party or by which it or its properties may be bound or affected; or (C) violate any provision of any law, rule, regulation, order, judgment, decree or the like binding on or affecting Borrower.

(iii) Binding Obligations. This Note constitutes the legal, valid and binding obligation of Borrower, enforceable against Borrower in accordance with its terms.

(iv) Consents. No authorization, consent, approval, license, exemption of, or filing or registration with, any governmental authority or agency, or approval or consent of any other person or entity is required for the due execution, delivery or performance by Borrower of this Note.

If any event listed in Section 8 of the Credit Agreement (each an "Event of Default") shall occur and be continuing, Lender may, by notice to Borrower, declare the entire unpaid principal amount of this Note, all interest accrued and unpaid hereon and all other amounts due hereunder to be forthwith due and payable, whereupon the principal hereof, all such accrued interest and all such other amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by Borrower, provided that if an event described in paragraph (c) above shall occur, the result which would otherwise occur only upon giving of notice by Lender to Borrower as specified above shall occur automatically, without the giving of any such notice.

Borrower agrees to pay on demand the costs and expenses of Lender, and fees and disbursements of counsel, in connection with any Event of Default, the enforcement or attempted enforcement of, and preservation of any rights or interests under, this Note, and any out-of-court workout or other refinancing or restructuring or any bankruptcy or insolvency case or proceeding.

No single or partial exercise of any power under this Note shall preclude any other or further exercise of such power or exercise of any other power. No delay or omission on the part of Lender in exercising any right under this Note shall operate as a waiver of such right or any other right thereunder.

Any notices or other communications required or permitted under this Note shall be sufficiently given if delivered personally, sent by registered or certified mail, postage prepaid, or sent by Federal Express or similar courier service to the other party at its address first set forth above or at such other address as either party may specify by written notice to the other party. Unless otherwise specified herein, such notices or other communications shall be deemed received (a) on the date delivered, if

delivered personally; (b) three business days after being sent, if sent by registered or certified mail; or (c) the next business day, if delivered by Federal Express or similar courier service.

This Note shall be binding on Borrower and its successors and assigns, and shall be binding upon and inure to the benefit of Lender, any future holder of this Note and their respective successors and assigns. Borrower may not assign or transfer this Note or any of its obligations hereunder without Lender's prior written consent.

This Note shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts.

Borrower hereby (a) submits to the non-exclusive jurisdiction of the courts of the Commonwealth of Massachusetts and the Federal courts of the United States sitting in the District of Massachusetts (collectively, the "Massachusetts Courts"), for the purpose of any action or proceeding arising out of or relating to this Note, (b) irrevocably waives (to the extent permitted by applicable law) any objection which it now or hereafter may have to the laying of venue of any such action or proceeding brought in any of the Massachusetts Courts, and any objection on the ground that any such action or proceeding in any Massachusetts Court has been brought in an inconvenient forum, and (c) agrees that (to the extent permitted by applicable law) a final judgment in any such action or proceeding brought in a Massachusetts Court shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner permitted by law.

IN WITNESS WHEREOF, Borrower signing below by its duly authorized legal representative(s) has executed this Note as of the date first above mentioned.

TECOGEN INC.

By: /s/ Bonnie J. Brown
Name: Bonnie J. Brown
Title: Chief Financial Officer

Exhibit 10.19

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. If the Investor is a corporation, partnership, limited liability company, trust or other entity, (i) such Investor is an entity duly organized, validly existing, and in good standing under the laws of the jurisdiction of its organization with full right, corporate or partnership power and authority to enter into and to consummate the transactions contemplated by this Agreement and otherwise to carry out its obligations hereunder and under any other document or agreement contemplated hereby; and (ii) the execution, delivery, and performance by the Investor of the transactions contemplated by this Agreement have been duly authorized by all necessary corporate

or similar action on the part of the Investor. If the Investor is an individual, such Investor has full legal capacity to execute and deliver this Agreement and any related document or agreement to which he or she is a party, to consummate the transactions contemplated by this Agreement and otherwise to carry out his or her obligations hereunder and thereunder. This Agreement, and any related document or agreement to which the Investor is a party, has been duly executed by the Investor, and when delivered by such Investor in accordance with the terms hereof, will constitute the valid and legally binding obligation of such Investor, enforceable against such Investor in accordance with its terms, except (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

b. **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.**

c. 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.

d. 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.

e. 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.

f. 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.

g. 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."

h. 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.

i. 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.

j. The Investor understands that, although the Company is a "reporting company" under the Securities Exchange Act of 1934, as amended, the Shares are subject to the provisions of Rule 144 promulgated under the Securities Act. Routine sales of the Shares made in reliance on the provisions of Rule 144 can be made only in limited amounts and in accordance with the terms and conditions of Rule 144. There can be no assurance that the conditions necessary to permit routine sales of the Shares under Rule 144 will be satisfied at any given time. 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.

k. 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.

l. 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.

m. The Investor represents that the Investor was contacted regarding the sale of the Shares by a representative of the Company with whom the Investor had a prior substantial pre-existing relationship, and in connection therewith, the Investor did not receive or review any advertisement, article, notice or other similar communication. In addition, the Investor did not become interested in a purchase of the securities of the Company as a result of any registration statement of the Company filed with the Securities and Exchange Commission.

n. The residence or principal place of business of the Investor is set forth below on the signature page to this Agreement, and all communications between the Investor and the Company regarding the transactions contemplated by this Agreement took place within or from the state of such residence or principal place of business.

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 **October, 2013.**

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 **October, 2013**, on behalf of the Company

TECOGEN INC.

By: _____

Name:Bonnie J. 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 **October, 2013**, on behalf of the Company

TECOGEN INC.

By: _____

Name:Bonnie J. 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: _____

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"), the number of shares (the "Shares") of the Company's Common Stock (the "Common Stock") set forth on the signature page to this Agreement at the price per share set forth thereon.

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 the Shares, together with payment of the subscription price for the Shares in the amount of set forth on the signature page. 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 Investor 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. If the Investor is a corporation, partnership, limited liability company, trust or other entity, (i) such Investor is an entity duly organized, validly existing, and in good standing under the laws of the jurisdiction of its organization with full right, corporate or partnership power and authority to enter into and to consummate

the transactions contemplated by this Agreement and otherwise to carry out its obligations hereunder and under any other document or agreement contemplated hereby; and (ii) the execution, delivery, and performance by the Investor of the transactions contemplated by this Agreement have been duly authorized by all necessary corporate or similar action on the part of the Investor. If the Investor is an individual, such Investor has full legal capacity to execute and deliver this Agreement and any related document or agreement to which he or she is a party, to consummate the transactions contemplated by this Agreement and otherwise to carry out his or her obligations hereunder and thereunder. This Agreement, and any related document or agreement to which the Investor is a party, has been duly executed by the Investor, and when delivered by such Investor in accordance with the terms hereof, will constitute the valid and legally binding obligation of such Investor, enforceable against such Investor in accordance with its terms, except (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

b. 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. THE INVESTOR HAS REVIEWED THE COMPANY'S MOST RECENT FORM 10-K ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION (www.sec.gov) AND ALL SUBSEQUENT FILINGS WITH THE SEC.

c. 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) could afford the complete loss of such investment in the Shares.

d. 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.

e. 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.

f. 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.

g. 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."

h. 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.

i. 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.

j. The Investor understands that, although the Company is a "reporting company" under the Securities Exchange Act of 1934, as amended, there is no public market for the Shares. When and if the Shares become tradable on a public trading market, the Shares will be subject to the provisions of Rule 144 promulgated under the Securities Act. Routine sales of the Shares made in reliance on the provisions of Rule 144 can be made only in limited amounts and in accordance with the terms and conditions of Rule 144. There can be no assurance that the conditions necessary to permit routine sales of the Shares under Rule 144 will be satisfied at any given time. 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.

k. 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.

l. 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.

m. The Investor represents that the Investor was contacted regarding the sale of the Shares by a representative of the Company with whom the Investor had a prior substantial pre-existing relationship, and in connection therewith, the Investor did not receive or review any advertisement, article, notice or other similar communication. In addition, the Investor did not become interested in a purchase of the securities of the Company as a result of any registration statement of the Company filed with the Securities and Exchange Commission.

n. The residence or principal place of business of the Investor is set forth below on the signature page to this Agreement, and all communications between the Investor and the Company regarding the transactions contemplated by this Agreement took place within or from the state of such residence or principal place of business.

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. Registration Rights. The Company hereby grants the following registration rights to holders of the Shares.

a. Registration Statement. The Company shall file with the Securities and Exchange Commission (the "SEC") not later than ninety (90) days after the closing date of this offering a "shelf" registration statement on an appropriate form (the "Registration Statement") covering the resale of the Shares and shall use its commercially reasonable best efforts to cause the Registration Statement to be declared effective as soon as practicable.

b. Registration Procedures. In connection with the Registration Statement, the Company will:

(i) prepare and file with the SEC such amendments and supplements to the Registration Statement and the prospectus used in connection therewith as may be necessary to keep such Registration Statement effective with respect to the Investor until such time as all of the Shares owned by such Investor may be resold without restriction under the Securities Act; and

(ii) immediately notify the Investors when the prospectus included in the Registration Statement is required to be delivered under the Securities Act, of the happening of any event of which the Company has knowledge as a result of which the prospectus contained in such Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing. If the Company notifies the Investors to suspend the use of any prospectus until the requisite changes to such prospectus have been made, then the Investors shall suspend use of such prospectus. In such event, the Company will use its commercially reasonable efforts to update such prospectus as promptly as is practicable.

c. Information. In connection with the Registration Statement, the Investor will furnish to the Company in writing such information and representation letters with respect to itself and the proposed distribution by it as reasonably shall be necessary in order to assure compliance with federal and applicable state securities laws. The Company may require the Investor, upon five business days' notice, to furnish to the Company a certified statement as to, among other things, the number of Shares and the number of other shares of the Company's Common Stock beneficially owned by such Investor and the person that has voting and dispositive control over such shares. The Investor covenants and agrees that it will comply with the prospectus delivery requirements of the Securities Act, if applicable, in connection with sales of Shares pursuant to the Registration Statement.

d. Expenses. All expenses incurred by the Company in complying with this section, including, without limitation, all registration and filing fees, printing expenses, fees and disbursements of counsel and independent public accountants for the Company, fees of transfer agents and registrars are called "Registration Expenses." All underwriting discounts and selling commissions applicable to the sale of the Shares, including any fees and disbursements of any counsel to the Investor, are called "Selling Expenses." The Company will pay all

Registration Expenses in connection with the Registration Statement. Selling Expenses in connection with the Registration Statement shall be borne by the applicable Investor.

e. Indemnification and Contribution.

(i) The Company will, to the extent permitted by law, indemnify and hold harmless the Investor, each officer of such Investor, each director of such Investor, and each other person, if any, who controls such Investor within the meaning of the Securities Act, against any losses, claims, damages or liabilities, joint or several, to which such Investor or such other person (a "controlling person") may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) ("Claims") arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement at the time of its effectiveness, any preliminary prospectus or final prospectus contained therein, or any amendment or supplement thereof, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances when made, and will, subject to the limitations herein, reimburse such Investor and each such controlling person for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such Claim; provided, however, that the Company shall not be liable to a Investor to the extent that any Claim arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in conformity with information furnished by such Investor or any such controlling person in writing specifically for use in the Registration Statement or related prospectus, as amended or supplemented.

(ii) The Investor severally but not jointly will, to the extent permitted by law, indemnify and hold harmless the Company, and each person, if any, who controls the Company within the meaning of the Securities Act, each underwriter, each officer of the Company who signs the Registration Statement and each director of the Company against all Claims to which the Company or such officer, director, underwriter or controlling person may become subject under the Securities Act or otherwise, insofar as such Claims arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement, any preliminary prospectus or final prospectus contained therein, or any amendment or supplement thereof, or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse the Company and each such officer, director, underwriter and controlling person for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action, provided, however, that such Investor will be liable hereunder in any such case if and only to the extent that any such Claim arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in reliance upon and in conformity with information pertaining to such Investor, as such, furnished in writing to the Company by such Investor specifically for use in the Registration Statement or related prospectus, as amended or supplemented.

(iii) Promptly after receipt by an indemnified party hereunder of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party hereunder, notify the indemnifying party in writing thereof, but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to such indemnified party other than under this section and shall only relieve it from any liability which it may have to such indemnified party under this section except and only if and to the extent the indemnifying party is materially prejudiced by such omission. In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate in and, to the extent it shall wish, to assume and undertake the defense thereof with counsel satisfactory to such indemnified party, and, after notice from the indemnifying party to such indemnified party of its election so to assume and undertake the defense thereof, the indemnifying party shall not be liable to such indemnified party under this section for any legal expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation and of liaison with counsel so selected; provided, however, that, if the defendants

in any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there may be reasonable defenses available to it which are different from or additional to those available to the indemnifying party or if the interests of the indemnified party reasonably may be deemed to conflict with the interests of the indemnifying party, the indemnified parties, as a group, shall have the right to select one separate counsel and to assume such legal defenses and otherwise to participate in the defense of such action, with the reasonable expenses and fees of such separate counsel and other expenses related to such participation to be reimbursed by the indemnifying party as incurred. The indemnifying party shall not be liable for any settlement of any such proceeding affected without its written consent, which consent shall not be unreasonably withheld.

(iv) In order to provide for just and equitable contribution in the event of joint liability under the Securities Act in any case in which either (i) a Investor, or any controlling person of a Investor, makes a claim for indemnification pursuant to this section but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case notwithstanding the fact that this section provides for indemnification in such case, or (ii) contribution under the Securities Act may be required on the part of the Investor or controlling person of the Investor in circumstances for which indemnification is not provided under this section, then, and in each such case, the Company and the Investor will contribute to the aggregate losses, claims, damages or liabilities to which they may be subject (after contribution from others) in a manner that reflects, as near as practicable, the economic effect of the foregoing provisions of this section. Notwithstanding the foregoing, no person or entity guilty of fraudulent misrepresentation (within the meaning of Section 10(f) of the Securities Act) will be entitled to contribution from any person or entity who was not guilty of such fraudulent misrepresentation.

f. Delivery of Unlegended Shares.

(i) Within three business days (such business day, the "Unlegended Shares Delivery Date") after the business day on which the Company has received (i) a notice that Shares have been sold either pursuant to, and in compliance with, the Registration Statement or Rule 144 under the Securities Act and (ii) in the case of sales under Rule 144, customary representation letters of the Investor and Investor's broker regarding compliance with the requirements of Rule 144, the Company at its expense, (A) shall deliver the Shares so sold without any restrictive legends relating to the Securities Act (the "Unlegended Shares"); and (B) shall cause the transmission of the certificates representing the Unlegended Shares together with a legended certificate representing the balance of the unsold Shares, if any, to the Investor at the address specified in the notice of sale, via express courier, by electronic transfer or otherwise on or before the Unlegended Shares Delivery Date. Transfer fees shall be the responsibility of the Investor.

(ii) In lieu of delivering physical certificates representing the Unlegended Shares, if the Company's transfer agent is participating in the Depository Trust Company ("DTC") Fast Automated Securities Transfer program, upon request of a Investor, so long as the certificates therefor do not bear a legend and the Investor is not obligated to return such certificate for the placement of a legend thereon, the Company shall use its best efforts to cause its transfer agent to electronically transmit the Unlegended Shares by crediting the account of Investor's broker with DTC through its Deposit/Withdrawal at Custodian system. Such delivery must be made on or before the Unlegended Shares Delivery Date but is subject to the cooperation of the Investor's broker (the so-called DTC participant).

(iii) The Investor, severally and not jointly, agrees that the removal of the restrictive legend from certificates representing the Shares as set forth in this section is predicated upon the Company's reliance that the Investor will sell any Shares pursuant to either the registration requirements of the Securities Act, including any applicable prospectus delivery requirements, or an exemption therefrom.

11. 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.]

Exhibit 10.20

Tecogen Inc.
Signature page to
Common Stock Purchase Agreement

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the date set forth below. By initialing the appropriate space below, the Investor hereby represents that the Investor is:

_____ (initials) a corporation, a business trust, or a partnership, not formed for the specific purpose of acquiring the Shares, with total assets in excess of $5,000,000.

_____ (initials) a natural person whose individual net worth, or joint net worth with his or her spouse, exceeds $1,000,000 (ignoring any positive net worth of a principal residence).

_____ (initials) a natural person who had an individual income in excess of $200,000 in each of the two most recent years, or joint income with his or her 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.

_____ (initials) a trust with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the Shares, whose purchase is directed by a sophisticated person as described Regulation D.

_____ (initials) an entity in which all of the equity owners fall within one of the categories set forth above.

_____
Aggregate dollar amount being purchased

_____$4.50_____
Price per Share

Social Security/Tax ID No.:_____

_____
Investor's name

_____
Investor's signature

_____
Investor's title, if any

Address of the Investor

_____

_____

Email address: _____

Fax number: _____

ACCEPTED AND AGREED
TECOGEN INC.

By: _____
Bonnie J. Brown, Chief Financial Officer

Date: _____

[NOTE: If the Shares are to be held other than in the name of the Investor alone, please indicate how the Shares are to be registered (e.g., as joint tenants) and provide a separate signature page for each person.]

THE SECURITIES ISSUABLE UPON CONVERSION HEREOF HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (WITH THE RELATED RULES, THE "SECURITIES ACT") OR APPLICABLE STATE SECURITIES LAWS AND MAY NOT BE SOLD, TRANSFERRED OR ASSIGNED UNLESS SO REGISTERED OR AN EXEMPTION FROM REGISTRATION THEREUNDER IS AVAILABLE.

SENIOR CONVERTIBLE PROMISSORY NOTE

$3,000,000.00 December 23, 2013
New York, New York

FOR VALUE RECEIVED, the undersigned, Tecogen Inc., a corporation organized under the laws of the State of Delaware (the "Borrower"), HEREBY PROMISES TO PAY to the order of Michaelson Capital Special Finance Fund LP, a limited partnership organized under the laws of the State of Delaware (the "Holder"), the principal sum of THREE MILLION AND 00/100 DOLLARS ($3,000,000.00) (the "Loan Amount") together with interest due thereon, payable as provided herein.

1. Definitions and Other Interpretive Provisions.

(a) Defined Terms. As used in this Note, the following terms have the following meanings:

"Affiliate" as applied to any specified Person, means any other Person that, directly or indirectly, controls, is controlled by or is under common control with such specified Person. For purposes of the foregoing, "control", when used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlled" and "controlling" shall have meanings correlative to the foregoing.

"Annex" has the meaning assigned to such term in Section 8(m).

"Applicable Law" means, with respect to any Person, all provisions of laws, statutes, ordinances, rules, regulations, certificates or orders of any Governmental Authority applicable to such Person or any of its assets or property or to which such Person or any of its assets or property is subject, and all Orders in Proceedings in which such Person is a party or by which it or any of its assets or properties is or may be bound or subject.

"Borrower" has the meaning assigned to such term in the Preamble.

"Business Day" means a day which is not a Saturday, Sunday, or other day on which commercial banks in New York, New York are authorized or required by law to close.

"Change of Control" means (a) a merger, consolidation, a sale of all or substantially all of the assets or similar transaction of the Borrower with or into any other Person after which the equity

holders of the Borrower as of the date hereof fail to own at least fifty percent (50%) of the voting or management power of the surviving Person or (b) a sale (whether through one sale or multiple sales to a single Person or group of related Persons during any period of time after the date hereof) by the equity holders of the Borrower as of the date hereof of an aggregate of fifty percent (50%) or more of the Equity Interests (by voting power).

"Change of Control Notice" has the meaning assigned to such term in Section 7.

"Claim" means any claim, demand, assessment, judgment, order, decree, action, cause of action, litigation, suit, investigation or other Proceeding.

"Code" means the Internal Revenue Code of 1986, as amended, or any similar federal law then in force, and the rules and regulations promulgated thereunder, all as the same may from time to time be in effect.

"Common Stock" has the meaning assigned to such term in Section 6(a).

"Conditions to Funding" has the meaning assigned to such term in Section 3.

"Conversion Price" means $5.40 per share of Common Stock of the Borrower, as adjusted from time to time pursuant to the terms hereof.

"Debt" of any Person means, without duplication, (a) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services (other than accounts payables incurred in the ordinary course of business and accrued expenses incurred in the ordinary course of business which in all cases are subject to the limitations set forth in Section 10(a)(ii)(B)(x)), (b) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (c) all capital lease obligations of such Person, (d) all obligations of such Person, contingent or otherwise, in respect of acceptances, letters of credit or similar extensions of credit, (e) all Liabilities secured by any lien on any property owned by such Person, even though such Person has not assumed or otherwise become liable for the payment thereof, (f) all obligations of such Person in respect of interest rate or currency protection agreements, (g) all Debt of one or more others guaranteed directly or indirectly in any manner by such Person and (h) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Debt described above or other obligation payable or performable by another Person in any manner, whether directly or indirectly.

"Debtor Relief Law" means the United States Bankruptcy Code, Title 11 of the United States Code, 11 U.S.C. §101 et seq., as amended from time to time, or any successor statute, and all other applicable liquidation, conservatorship, bankruptcy, moratorium, rearrangement, receivership, insolvency, reorganization, winding up or similar debtor relief laws, whether federal, state, local or foreign from time to time in effect affecting the rights of creditors generally.

"Default Rate" has the meaning assigned to such term in Section 4(b).

"Dispose" has the meaning assigned to such term in Section 10(d).

"Equity Interests" has the meaning assigned to such term in Section 8(b).

"Event of Default" has the meaning assigned to such term in Section 12.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Funding Date" means the date first set forth above.

"GAAP" means generally accepted accounting principles in the United States in effect from time to time.

"Governmental Authority" means any domestic or foreign government or political subdivision thereof, whether on a federal, state or local level and whether executive, legislative or judicial in nature, including any agency, authority, board, bureau, commission, court, department or other instrumentality thereof.

"Holder" has the meaning assigned to such term in the Preamble.

"Indemnitee" has the meaning assigned to such term under Section 27.

"Interest Payment Date" has the meaning assigned to such term in Section 4(c).

"Liability" means any liability or obligation, whether known or unknown, asserted or unasserted, absolute or contingent, accrued or unaccrued, liquidated or unliquidated and whether due or to become due, regardless of when asserted.

"Loan" has the meaning assigned to such term in Section 2(a).

"Loan Amount" has the meaning assigned to such term in the Preamble.

"Mandatory Conversion" has the meaning assigned to such term in Section 6(b).

"Material Adverse Effect" means a material adverse effect on (i) the business, operations, prospects, properties, assets or financial or other condition of the Borrower and its Subsidiaries, taken as a whole, or (ii) the Borrower's ability to pay or perform its obligations under this Note.

"Margin Stock" means "margin stock", as such term is defined in Regulation T, U or X of the Federal Reserve Board.

"Maturity Date" has the meaning assigned to such term in Section 5(b).

"Merge" has the meaning assigned to such term in Section 10(c).

"Note" means this Senior Convertible Promissory Note issued by the Borrower if favor of the Holder.

"Notice of Borrowing" has the meaning assigned to such term in Section 3(b).

"Obligations" means, in each case, whether now in existence or hereafter arising: the principal of and interest of the Loan, and all other fees and commissions, charges, indebtedness, loans, Liabilities, financial accommodations, obligations, covenants and duties owing by the Borrower to the Holder, of every kind, nature and description, direct or indirect, absolute or contingent, due or to become due, contractual or tortious, liquidated or unliquidated, pursuant to this Note or any other document, agreement, instrument or certificate executed by the Borrower in connection with or pursuant to the terms of this Note, and including any such obligations incurred after the commencement of any proceeding under any Debtor Relief Law (including any interest accruing under this Note after the filing of a petition with respect to the Borrower under any Debtor Relief Law whether or not allowed or allowable as a Claim in the related proceeding).

"OFAC" has the meaning assigned to such term in Section 8(m).

"Optional Conversion" has the meaning assigned to such term in Section 6(a).

"Optional Repayment Amount" has the meaning assigned to such term in Section 5(a).

"Order" means any final non-appealable judgment, writ, decree, injunction, order, stipulation, compliance agreement or settlement agreement issued or imposed by, or entered into with, a Governmental Authority.

"Patriot Act" has the meaning assigned to such term in Section 8(m).

"Person" shall be construed as broadly as possible and shall include an individual, a partnership (including a limited liability partnership), a company, an association, a joint stock company, a limited liability company, a trust, a joint venture, an unincorporated organization and a Governmental Authority.

"Principal Market" means the principal securities exchange or securities market on which the Common Stock is then traded.

"Proceeding" means any legal, administrative or arbitration action, suit, complaint, charge, hearing, inquiry, investigation or proceeding.

"Rate" has the meaning assigned to such term in Section 4(a).

"Registration Statement" has the meaning assigned to such term in Section 11.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Solvent" means, with respect to any Person, that such Person is solvent, is able to pay its debts as they become due and owns property having a value both at fair valuation and a present fair salable value greater than the amount required to pay such debts as they mature, and will not be rendered insolvent, or be left with insufficient capital, or be unable to pay its debts as they mature, by the execution, delivery and performance of this Note to which the Borrower is a party or by the transactions contemplated hereunder or thereunder.

"Subsidiary" means, at any time, a corporation, partnership, joint venture, limited liability company or other business entity of which either (i) more than 50% of the shares of stock or other interests entitled to vote in the election of directors or comparable Persons performing similar functions (excluding shares or other interests entitled to vote only upon the failure to pay dividends thereon or other contingencies) or (ii) more than a 50% interest in the profits or capital of such Person are at the time owned or controlled directly or indirectly by the Borrower or through one or more Subsidiaries of the Borrower or by the Borrower and one or more Subsidiaries of the Borrower.

"Tax" means, with respect to any Person, (i) all income taxes (including any tax on or based upon net income, or gross income, or income as specially defined, or earnings, or profits, or selected items of income, earnings or profits) and all gross receipts, sales, use, ad valorem, transfer, franchise, license, withholding, payroll, employment, excise, severance, stamp, occupation, premium, property or windfall profits taxes, alternative or add-on minimum taxes, customs duties or other taxes, fees, assessments or charges of any kind whatsoever, together with any interest and any penalties, additions to tax or additional amounts imposed by any taxing authority (domestic or foreign) on such Person and (ii) any Liability for the payment of any amount of the type described in the immediately preceding clause (i) as a result of being a member of an affiliated or combined group.

"Tax Authority" means the Internal Revenue Service and any other domestic or foreign Governmental Authority responsible for the administration of any Taxes.

"Tax Returns" means all federal, state, local and foreign tax returns, declarations, statements, reports, schedules, forms and information returns and any amended Tax Return required to be filed with any Tax Authority with respect to Taxes.

"Trading Day" means any day on which the Common Stock is traded on the Principal Market; provided, that, "Trading Day" shall not include any day on which the Common Stock is scheduled to trade on such exchange or market for less than 4.5 hours or any day that the Common Stock is suspended from trading during the final hour of trading on such exchange or market (or if such exchange or market does not designate in advance the closing time of trading on such exchange or market, then during the hour ending at 4:00 P.M., New York City time).

"Volume Weighted Average Price" means, for any security as of any date, the dollar volume-weighted average price for such security on the Principal Market during the period beginning at 9:30 A.M., New York City time (or such other time as the Principal Market publicly announces is the official open of trading), and ending at 4:00 P.M., New York City time (or such other time as the Principal Market publicly announces is the official close of trading) as reported by Bloomberg through its "Volume at Price" functions, or, if the foregoing does not apply, the dollar volume-weighted average price of such security in the over-the-counter market on the electronic bulletin board for such security during the period beginning at 9:30 A.M., New York City time (or such other time as such market publicly announces is the official open of trading), and ending at 4:00 P.M., New York City time (or such other time as such market publicly announces is the official close of trading) as reported by Bloomberg, or, if no dollar volume-weighted average price is reported for such security by Bloomberg for such hours, the average of the highest closing bid price and the lowest closing ask price of any of the market makers for such security as reported in the "pink

sheets" by Pink Sheets LLC (formerly the National Quotation Bureau, Inc.). If the Volume Weighted Average Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Volume Weighted Average Price of such security on such date shall be the fair market value as mutually determined by the Borrower and the Holder. If the Borrower and the Holder are unable to agree upon the fair market value of such security, then such dispute shall be resolved pursuant to Section 18. All such determinations to be appropriately adjusted for any share dividend, share split, share combination, reclassification or similar transaction during the applicable calculation period.

(b) Other Interpretive Provisions.

(i) Unless otherwise specified herein or therein, all terms defined in this Note shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto. The meanings of defined terms shall be equally applicable to the singular and plural forms of the defined terms.

(ii) The words "hereof", "herein", "hereunder" and words of similar import when used in this Note shall refer to this Note as a whole and not to any particular provision of this Note; and subsection, section, schedule and exhibit references are to this Note unless otherwise specified.

(iii) The term "documents" includes any and all instruments, documents, agreements, certificates, indentures, notices and other writings, however evidenced. The term "including" is not limiting and means "including without limitation."

(iv) Unless otherwise expressly provided herein, references to agreements and other contractual instruments, including this Note, shall be deemed to include all subsequent amendments thereto, restatements and substitutions thereof and other modifications and supplements thereto which are in effect from time to time, but only to the extent such amendments and other modifications are not prohibited by the terms hereof.

(v) All references to "Dollars" shall mean the dollar currency of the United States of America. References to any statute or regulation may be made by using either the common or public name thereof or a specific cite reference and are to be construed as including all statutory and regulatory provisions related thereto or consolidating, amending, replacing, supplementing or interpreting the statute or regulation.

2. Loan; Ranking.

(a) Loan. The Holder hereby agrees to make on the Funding Date the payment of the Loan Amount (the "Loan"), subject to the satisfaction of the Conditions to Funding.

(b) Ranking. All Obligations shall be senior in right of payment to (a) all Debt of the Borrower, whether now existing, as shall be included on Schedule I attached hereto, or hereafter arising, except specifically permitted herein and in Section 10, and (b) all classes of Equity Interests issued after the date hereof.

3. Conditions to Funding. The funding of the Loan shall be subject to the satisfaction of, or the waiver by the Holder of, each of the following conditions (the "Conditions to Funding"):

(a) The Holder shall have received the following, each in form and substance satisfactory to the Holder in its sole discretion:

(i) an executed copy of this Note;

(ii) an executed copy of the Common Stock Purchase Agreement as set forth on Exhibit "A" hereto for the purchase by the Holder of Two Million Dollars ($2,000,000.00) of the Borrower's Common Stock (defined below) to be completed in connection with the Loan;

(iii) a copy of the Certificate of Incorporation of the Borrower, certified as of a recent date by the Secretary of State or similar authority of its jurisdiction of incorporation;

(iv) a copy of the Bylaws of the Borrower, certified by the Secretary or Assistant Secretary of the Borrower;

(v) a copy of resolutions of the Board of Directors of the Borrower approving this Note, the Loan and the other transactions contemplated hereunder;

(vi) an incumbency certificate executed by the Secretary or an Assistant Secretary of the Borrower, certifying the names and signatures of the officers of the Borrower or other Persons authorized to execute this Note and the other documents to be delivered hereunder, including the resolutions of the Board of Directors of the Borrower referenced in the preceding clause;

(vii) evidence of payment of all reasonable fees, costs and expenses (including reasonable attorneys' fees and expenses) required to be paid to the Holder on or prior to the Funding Date by the Borrower pursuant to this Note, the term sheet related hereto or any other written agreement; and

(ix) such documentation and other information that the Holder may reasonably request as of the Funding Date.

4. Interest.

(a) Rate. Interest will be paid in advance on the unpaid principal balance of this Note at a rate of Four percent (4.00%) per annum (calculated on the basis of a 360-day year) (the "Rate"). Notwithstanding the foregoing, any interest (including, without limitation, any interest at the applicable Default Rate) payable under this Note shall be subject to reduction to the amount not in excess of the maximum legal amount allowed under the applicable usury laws as now or hereafter construed by the courts having jurisdiction over such matters.

(b) Default Rate. Notwithstanding the foregoing, at all times after the occurrence and during the continuance of an Event of Default, whether or not the Holder has accelerated payment of this Note, or after maturity (by acceleration or otherwise) or judgment, interest under this Note shall accrue at a rate per annum equal to the Rate plus (i) 4.00%, after the occurrence and during

the continuance of an Event of Default relating to the payment of principal and/or interest owed hereunder and (ii) 2.00%, after the occurrence and during the continuance of any other Event of Default (the "Default Rate").

(c) Interest Payments. Interest (other than any interest at the applicable Default Rate) is to be paid in advance on the first (1st) day of each month beginning with the Funding Date (each, an " Interest Payment Date") and shall be paid in cash. Interest at the Default Rate shall be payable in cash and shall be due on demand.

5. Payments.

(a) Optional Prepayments. The Borrower may at any time upon ten (10) Business Days prior written notice to the Holder, no later than 11:00 A.M. (New York City time), prepay all of the then outstanding principal and interest due and payable under this Note in full, at any time prior to the Maturity Date for an amount equal to 120% of the then outstanding principal and interest due and payable as of the date of such prepayment (the "Optional Repayment Amount"). Any such notice of prepayment shall specify (i) the prepayment date and (ii) the total outstanding principal amount and accrued but unpaid interest of the Loan to be prepaid. Any notice of prepayment delivered to the Holder pursuant to the preceding sentence shall not thereafter be revocable by the Borrower and the payment amount specified in such notice of prepayment shall be due and payable on the date specified therein.

(b) Payment At Maturity. Subject to Sections 6(a) and 6(b), the outstanding principal amount of this Note, together with all due and unpaid interest, shall be due and payable in cash on the date that is the earlier of (i) the third (3rd) anniversary of the date of this Note and (ii) such earlier date on which such amounts become due and payable pursuant to Section 12 (such date, the "Maturity Date").

(c) Payments Generally. Any cash payments of principal and interest (including, without limitation, interest at the applicable Default Rate) under this Note shall be made to the Holder in United States dollars in immediately available funds, without setoff, defense or counterclaim at the offices of the Holder, 400 Madison Avenue, Suite 2A, New York, NY 10017, or such other place as the Holder may designate from time to time. The Borrower shall make any such payments hereunder no later than 4:00 P.M. (New York City time) on the day when due; provided, that if any payment is due, or any time period for giving notice or taking action expires, on a day which is not a Business Day, the payment shall be due and payable on, and the time period shall automatically be extended to, the immediately following Business Day. Any payment received after 5:00 P.M. (New York City time) shall be deemed to have been received on the next Business Day and interest shall continue to accrue at the required rate hereunder until such Business Day.

6. Conversion.

(a) Optional Conversion. At the Holder's sole option, on the Maturity Date, or upon such earlier date as the Holder shall determine in its sole and absolute discretion, all or any portion (if the portion to be converted is at least One Hundred Thousand Dollars ($100,000.00) at any time) of the outstanding principal balance of this Note, together with all unpaid interest, shall be converted

into fully paid, validly issued and nonassessable $0.001 par value per share, common stock of the Borrower (the "Common Stock"), based on the Conversion Price (the " Optional Conversion"), as evidenced by a Notice of Conversion in form and substance substantially similar to Exhibit "B" hereto.

(b) Mandatory Conversion. If at any time, (i) the Common Stock shall be trading on NASDAQ or another "national securities exchange" that has registered with the Securities and Exchange Commission under Section 6 of the Exchange Act, (ii) the resale of the Common Stock issued or issuable upon conversion of this Note is subject to an effective Registration Statement or such Common Stock otherwise qualifies for unrestricted resale under the federal securities laws, (iii) the arithmetic average of the Volume Weighted Average Price of the Common Stock for the twenty (20) consecutive Trading Days preceding the Borrower's notice of mandatory conversion exceeds 185% of the Conversion Price (subject to appropriate adjustments pursuant to clause (c) below) and (iv) the dollar value of the average daily trading volume of the Common Stock for the twenty (20) consecutive Trading Days preceding the Borrower's notice of mandatory conversion exceeds One Hundred Fifty Thousand Dollars ($150,000.00), the Borrower, with at least ten (10) Business Days prior written notice to the Holder, shall have the right to require Holder to convert all of the then outstanding principal balance together with all unpaid interest of this Note into Common Stock, based on the Conversion Price (the "Mandatory Conversion"), pursuant to a subscription agreement or purchase agreement or any other similar instrument to be entered into by the Holder and the Borrower in order to evidence the Mandatory Conversion in form substantially similar to Exhibit "C" hereto.

(c) Conversion Price Adjustment . The Conversion Price shall be subject to adjustment from time to time as hereinafter provided. Upon each adjustment of the Conversion Price, the Holder shall thereafter be entitled to purchase that number of shares of Common Stock of the Borrower obtained by multiplying the Conversion Price in effect immediately prior to such adjustment by the number of shares of Common Stock issuable pursuant to conversion immediately prior to such adjustment and dividing the product thereof by the Conversion Price resulting from such adjustment. If the Borrower subdivides (by any share dividend, share split, recapitalization or otherwise) one or more classes of its Equity Interests into a greater number of shares, the Conversion Price in effect immediately prior to such subdivision will be proportionately reduced. If the Borrower combines (by combination, reverse share split or otherwise) one or more classes of its Equity Interests into a smaller number of shares, the Conversion Price in effect immediately prior to such combination will be proportionately increased. If the Borrower (i) sells or issues any Common Stock for a price at or below $4.50 per share of Common Stock, or (ii) distributes to the holders of its outstanding Common Stock, with or without consideration, any cash, securities or other property (including, without limitation, the distribution of assets of the Borrower, cash dividends and other distributions, the granting of stock appreciation rights, phantom stock rights or other rights with equity features, and the non-cash issuance of equity securities of the Borrower), then, the Conversion Price shall be adjusted by multiplying the Conversion Price in effect immediately prior to such adjustment by a fraction (i) the numerator of which shall be the then per share fair market value on such date of such cash, securities or other property so distributed applicable to one outstanding share of the Common Stock as determined by the Board of Directors of the Borrower in good faith and (ii) the denominator of which shall be the prior Conversion Price;

provided, that no such adjustment will increase the Conversion Price as otherwise determined pursuant to this clause (c). Notwithstanding the foregoing, (i) the Conversion Price shall not be adjusted in connection with the issuance or exercise of any rights, warrants or options to subscribe for or purchase Equity Interests pursuant to existing employee option grant instruments as of the Funding Date as set forth on Schedule I hereto and the issuance of option grants to employees at an exercise price of not less than $4.50 per share of Common Stock after the Funding Date and (ii) no such adjustment shall be required if the Borrower makes an identical distribution to the Holder of this Note as if this Note, immediately prior to such distribution, had hypothetically converted this Note into Common Stock on the terms contained herein.

(d) Fractional Units. If, after aggregation, the Optional Conversion or the Mandatory Conversion would result in the issuance of a fractional unit, the Borrower shall, in lieu of issuance of any fractional unit, pay the Holder otherwise entitled to such fraction a sum in cash equal to the product resulting from multiplying the then Conversion Price of one unit of Common Stock by such fraction.

7. Rights Upon Change of Control . No later than ten (10) Business Days prior to the consummation of a Change of Control, the Borrower shall deliver written notice thereof to the Holder (the "Change of Control Notice"). Upon receipt of the Change of Control Notice, at the Holder's sole option, (i) the Obligations shall be assumed, on the terms and conditions set forth in this Note, through an assignment and assumption agreement, in form and substance satisfactory to the Holder, by the surviving entity, or (ii) the Borrower shall prepay all of the then outstanding principal and unpaid interest under this Note in full at the then Optional Repayment Amount.

8. Representations and Warranties. The Borrower hereby represents and warrants, as of the date made or deemed made, that:

(a) the Borrower is duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite power and authority to own, lease and operate its properties, to carry on its business as now conducted and as proposed to be conducted and to enter into and perform its obligations under this Note;

(b) all the outstanding stock, or other equivalents of, or other ownership or equity interests in the Borrower and warrants, options or other rights to acquire any such units or interests of the Borrower (the "Equity Interests") are set forth on Schedule I attached hereto and are, or when issued will be, validly issued, fully paid and nonassessable;

(c) (i) there are no options, warrants, agreements, instruments or securities or rights of any kind relating to the issued or unissued Equity Interests or obligating the Borrower to issue, transfer, grant or sell any Equity Interests; (ii) there are no preemptive rights, voting agreements, transfer restrictions (except those imposed by applicable federal and state securities laws) or registration rights affecting the Equity Interests; (iii) no plan, unit purchase, unit option or other agreement or understanding between the Borrower and any holder of any Equity Interests or rights to acquire any Equity Interests provide for the acceleration or other changes in the vesting provisions or other terms of such Equity Interests as a result of any merger, sale of Equity Interests or assets, change in control or other similar transaction by the Borrower;

(d) the Borrower has complied and will comply with any applicable federal and state securities laws in connection with the issuance of Equity Interests;

(e) the Borrower has all necessary power and authority to execute and deliver this Note and to perform its obligations hereunder (including, without limitation, the conversions of the Loan into Common Stock contemplated hereunder and the transactions contemplated hereunder). The Borrower's board of directors and shareholders have taken all actions necessary for the authorization, execution and delivery of this Note and the performance of the obligations of the Borrower hereunder (including, without limitation, the conversions of the Loan into Common Stock contemplated hereunder and the transactions contemplated hereunder). This Note has been duly and validly executed and delivered by the Borrower, and constitutes the valid and legally binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally and (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies;

(f) (x) the Borrower and/or Subsidiary of the Borrower is and (y) to the Borrower's knowledge, each Affiliate of the Borrower and Person who has an ownership interest in the Borrower, or has or will have an interest in the transaction contemplated by this Note or will participate, in any manner whatsoever, in receiving or utilizing the proceeds of the Loan, whether directly or indirectly, is: (i) not a "blocked" person listed in the Annex to Executive Order Nos. 12947, 13099 and 13224 and all modifications thereto or thereof (the "Annex"); (ii) in full compliance with the requirements of the USA Patriot Act 2001, 107 Public Law 56 (October 26, 2001) and in other statutes and all orders, rules and regulations of the United States government and its various executive departments, agencies and offices, related to the subject matter of the Patriot Act, including Executive Order 13224 effective September 24, 2001 (the "Patriot Act") and all other requirements contained in the rules and regulations of the Office of Foreign Assets Control, Department of the Treasury ("OFAC"); (iii) operated under policies, procedures and practices, if any, that are in compliance with the Patriot Act and available to the Holder for the Holder's review and inspection during normal business hours and upon reasonable prior notice; (iv) not in receipt of any notice from the Secretary of State or the Attorney General of the United States or any other department, agency or office of the United States claiming a violation or possible violation of the Patriot Act; (v) not listed as a Specially Designated Terrorist (as defined in the Patriot Act) or as a "blocked" person on any lists maintained by OFAC pursuant to the Patriot Act or any other list of terrorists or terrorist organizations maintained pursuant to any of the rules and regulations of OFAC issued pursuant to the Patriot Act or on any other list of terrorists or terrorist organizations maintained pursuant to the Patriot Act; (vi) not a Person who has been determined by competent authority to be subject to any of the prohibitions contained in the Patriot Act; and (vii) not acting, and if other than a natural person, owned or controlled by and/or will not in the future act for or on behalf of any Person named in the Annex or any other list promulgated under the Patriot Act or any other Person who has been determined to be subject to the prohibitions contained in the Patriot Act;

(g) all Tax Returns required to be filed by the Borrower and each of its Subsidiaries in any jurisdiction have been filed, and all Taxes, assessments, fees and other governmental charges upon the Borrower and each of its Subsidiaries, or upon any of the Borrower's or any such

Subsidiary's property or income, which are shown to be due and payable on such Tax Returns have been paid, and the Borrower is not aware of any proposed additional tax assessment or Tax to be assessed against or applicable to the Borrower or any of its Subsidiaries;

(h) there is no Claim or Proceeding (i) pending, which if adversely determined (taking the fact as alleged in such Proceeding as true for such purposes) could reasonably be expected to have a Material Adverse Effect or (ii) to the Borrower's knowledge, threatened against or affecting the Borrower or its Subsidiaries or any of their respective properties or assets, which if adversely determined could reasonably be expected to have a Material Adverse Effect; and

(i) no representation or warranty of the Borrower in this Note and no written statement furnished by the Borrower or any officer, manager, counsel, representative or other agent of the Borrower pursuant to or in connection with this Note contains or will contain any untrue statement of material fact, or omits or will omit to state a material fact necessary to make the statements hereunder or thereunder in light of the circumstances in which they were made, not misleading; and, to the Borrower's knowledge, there are no facts which (individually or in the aggregate) could reasonably be expected to have a Material Adverse Effect.

9. Affirmative Covenants. Until all of the Obligations have been paid or otherwise satisfied in full, the Borrower shall, and shall ensure that each of its Subsidiaries shall:

(a) (i) preserve and maintain its separate existence, form, jurisdiction of organization and tax status, and all rights, franchises, licenses and privileges necessary to the conduct of its business, and (ii) qualify and remain qualified as a foreign entity and authorized to do business in each jurisdiction where the nature and scope of its activities require it to so qualify under Applicable Law, except where failure to do so could not reasonably be expected to have a Material Adverse Effect;

(b) (i) protect and preserve all properties useful in and material to its business, including, without limitation, copyrights, patents, trade names and trademarks, (ii) maintain in good working order and condition (subject to ordinary wear and tear) all buildings, equipment and other tangible real and personal property, and (ii) from time to time make or cause to be made all renewals, replacements and additions to such property necessary for the conduct of its business, except where failure to do so could not reasonably be expected to have a Material Adverse Effect;

(c) observe and remain in compliance with all Applicable Laws (including, without limitation, all applicable communications laws and regulations (including federal and state regulations and orders), reporting requirements under the Exchange Act and all applicable federal and state securities laws) and maintain in full force and effect all authorizations, consents, approvals, licenses, exemptions and other qualifications of, registrations and filings with, and reports to, all Governmental Authorities;

(d) (i) prior to the occurrence and continuance of an Event of Default, upon reasonable prior notice, and (ii) at any time thereafter, in each case permit the Holder (or its agents) to enter its business premises and to inspect its books and records and speak with its senior employees during

normal business hours and without undue disruption or interference to its business for the purpose of evaluating the compliance of the Borrower with the terms hereof;

(e) furnish to the Holder on a confidential basis, (i) from time to time as the Holder may reasonably request, financial statements for the Borrower or a Subsidiary as the Holder may request; (ii) as soon as available and in any event within thirty (30) days after the end of each quarter of each fiscal year of the Borrower, a copy of the unaudited balance sheet of the Borrower and its Subsidiaries as of the end of such quarter and statements of income and cash flows of the Borrower and its Subsidiaries for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, all in form acceptable to the Holder in its reasonable discretion; (iii) by March 30th of the following fiscal year, a copy of the audited financial statements for the Borrower and its Subsidiaries, dated within ninety (90) days, containing the balance sheet of the Borrower and its Subsidiaries and statements of annual income and cash flows of the Borrower and its Subsidiaries, all in form acceptable to the Holder in its reasonable discretion; (iv) as soon as practicable and in any event within five (5) days after the occurrence of a Material Adverse Effect, or an Event of Default and the action that the Borrower has taken or proposes to take with respect thereto; and (v) such other information in respect of the Borrower and its Subsidiaries, including management letters, financial statements, Tax Returns, investment statements and other information, as the Holder may from time to time reasonably request; provided, however, that the preceding (i), (ii) and (iii) shall not apply to the Borrower if the Borrower is subject to the reporting requirements of the Exchange Act;

(f) take all actions necessary to at all times have authorized, and reserved for the purpose of issuance, no less than 100% of the sum of the maximum number of shares of Common Stock issuable upon conversion of this Note hereunder (without taking into account any limitations on the conversion of the Loan); and

(g) timely file all reports required to be filed with the Securities and Exchange Commission pursuant to the Exchange Act.

10. Negative Covenants. Until all of the Obligations have been paid or otherwise satisfied in full, the Borrower shall not, and shall ensure that each of its Subsidiaries shall not, in each case without the prior written consent of the Holder:

(a) create, incur, assume, guarantee or be or remain liable with respect to any Debt other than the following:

(i) Obligations;

(ii) Debt (A) existing as of the date of this Agreement and as set forth on Schedule I attached hereto, provided, that the Debt in the form of a letter of credit issued by Enterprise Bank and Trust Company on behalf of the Borrower shall be terminated no later than January 30, 2014, or (B) incurred in the ordinary course of business since the date hereof in the form of (x) business office rentals, leases of executive automobiles and office equipment in an aggregate amount not to exceed $100,000, at any time outstanding and (y)

performance bonds, and in each case any renewals and refinancings thereof, but not any increase in the principal amounts thereof;

(iii) Debt for taxes, assessments or governmental charges to the extent that payment therefor shall at the time not be required to be made;

(iv) Debt consisting of guarantees of Debt permitted hereunder and junior in priority to the Obligations;

(v) Debt in respect of capital leases or consisting of purchase money loans incurred or created after the Funding Date; provided that the Borrower may incur such Debt after the Funding Date in the aggregate amount of $100,000; and

(vi) Debt from John Hatsopoulos in favor of the Borrower in an amount of no more than $2,950,000; provided, that such Debt is subordinated in right of payment to the Obligations in a subordination agreement in favor of the Holder, which is in form and substance satisfactory to the Holder and is executed prior to the incurrence of such Debt.

(b) create or suffer to exist any lien upon or with respect to any of its assets or properties, whether now owned or hereafter acquired, or assign any right to receive income, in each case to secure any debt of any Person, including retention arrangement or escrow agreements having the effect of granting a lien, other than liens in favor of the Holder, except for the following:

(i) liens existing on the Funding Date and disclosed in Schedule II, provided, that the all assets lien in favor of Enterprise Bank and Trust Company, which secures the Debt described in Section 10(a)(ii)(A), shall be released no later than [•], 2014;

(ii) liens for taxes, assessments or governmental charges or Claims the payment of which are not yet delinquent or are being contested in good faith and for which the Borrower or such Subsidiary has allocated appropriate reserves in accordance with GAAP;

(iii) statutory inchoate liens in connection with workers' compensation, unemployment insurance, or other social security obligations;

(iv) mechanic's, workman's, materialman's, landlord's, carrier's, or other similar liens arising in the ordinary course of business with respect to obligations that are not due;

(v) liens in the form of usual and customary cash collateral to secure performance bonds;

(vi) any lien with respect to capital leases or purchase money loans permitted hereunder, provided that such lien does not extend to or cover any property of the Borrower other than the property being leased or acquired;

(vii) easements, rights of way, restrictions and other similar charges relating to real property and not interfering in a material way with the ordinary conduct of the Borrower's business; and

(viii) encumbrances constituting a renewal, extension or replacement of any encumbrance permitted pursuant to this Section 10.

(c) dissolve, liquidate or cease to exist, or consolidate with or merge (collectively, " Merge") into another entity or permit one or more entities to consolidate with or merge into it;

(d) sell, lease, transfer, license or otherwise dispose (collectively, " Dispose") of any of its assets, whether now owned or hereafter acquired, whether real or personal, or enter into any arrangement, directly or indirectly, with any Persons to do any of the foregoing; provided, that it may Dispose of (i) obsolete or worn out property, whether now owned or hereafter acquired, and (ii) inventory in the ordinary course of business;

(e) declare, make or pay any dividends or other distribution of assets, properties, cash, rights, obligations or securities on account of any Equity Interest that is subordinate to the Obligations;

(f) pay, prepay, redeem, purchase, defease or otherwise satisfy prior to the scheduled maturity thereof in any manner (including, without limitation, by the exercise of any right of setoff) any Debt owed to any Affiliate of the Borrower or any Subsidiary thereof, except for (i) any scheduled interest payments set forth in the existing instruments evidencing the Debt listed on Schedule I hereto, and (ii) existing Debt of John Hatsopoulos in favor of the Borrower in an amount no greater than $2,950,000 which may be redeemed or prepaid on or before January 10, 2014; and

(g) terminate its status as an issuer required to file reports under the Exchange Act, even if the Exchange Act or the rules and regulations thereunder would otherwise permit such termination.

11. "Shelf" Registration Statement. The Borrower shall (a) file with the Securities and Exchange Commission no later than ninety (90) days following the Funding Date, a "shelf" registration statement on an appropriate form (the "Registration Statement") covering the resale of the Common Stock issuable upon conversion of the Loan Amount as contemplated hereunder and (b) use its commercially reasonable efforts to cause the Registration Statement to be declared effective as soon as practicable and to cause such Registration Statement to remain effective through (and including) the Maturity Date.

12. Events of Default. The occurrence and continuation of one or more of the following events (each, an "Event of Default") shall constitute an Event of Default:

(a) the Borrower shall fail to pay any outstanding principal or interest, fees or other amount payable hereunder when the same becomes due and payable (whether at stated maturity or otherwise); or

(b) any representation, warranty or certification made herein or pursuant hereto (or in any modification or supplement hereto) by the Borrower shall prove to have been false or misleading as of the time made in any material respect; or

(c) (i) the Borrower or any Subsidiary of the Borrower shall default in the performance of any of its obligations under Sections 2(b) or 6 hereof, or (ii) the Borrower or any Subsidiary of the Borrower shall default in the performance of any of its other obligations hereunder and such default (if remediable) shall continue unremedied for a period of ten (10) days after notice thereof; or

(d) the Borrower or any Subsidiary of the Borrower shall fail to pay when due any principal of or interest on any Debt, when and as the same shall become due and payable beyond any applicable grace period, or any such Debt shall become due and payable in advance of its stated maturity, or there shall occur any default or event of default by the Borrower or any Subsidiary of the Borrower under any agreement relating to such Debt and such default or event of default is not remedied within any applicable grace period relating thereto; or

(e) the Borrower or any Subsidiary of the Borrower shall admit in writing its inability to, or be generally unable to, pay its debts as such debts become due; or

(f) the Borrower or any Subsidiary of the Borrower shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee, examiner or liquidator of itself or of all or a substantial part of its property, (ii) make a general assignment for the benefit of its creditors, (iii) commence a voluntary case under any Debtor Relief Law, (iv) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, liquidation, dissolution, arrangement or winding-up, or composition or readjustment of debts, (v) fail to controvert in a timely and appropriate manner, or acquiesce in writing to, any petition filed against it in an involuntary case under any Debtor Relief Law or (vi) take any corporate action for the purpose of effecting any of the foregoing; or

(g) a proceeding or case shall be commenced, without the application or consent of the Borrower or any Subsidiary of the Borrower, in any court of competent jurisdiction, seeking (i) its reorganization, liquidation, dissolution, arrangement or winding-up, or the composition or readjustment of its debts, (ii) the appointment of a receiver, custodian, trustee, examiner, liquidator or the like of the Borrower or any Subsidiary of the Borrower or of all or any substantial part of its property, or (iii) similar relief in respect of the Borrower or any Subsidiary of the Borrower under any law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of sixty (60) or more days; or an order for relief against the Borrower or any Subsidiary of the Borrower shall be entered in an involuntary case under any Debtor Relief Law; or

(h) a Registration Statement covering the resale of the Common Stock shall not have been declared effective within one (1) year from the Funding Date.

(i) Upon the occurrence and during the continuance of an Event of Default other than one referred to in clause (f) or (g) of this Section, the Holder may, by notice to the Borrower, declare the Obligations to be forthwith due and payable, whereupon such amounts shall be immediately due and payable at the Optional Repayment Amount without presentment, demand, protest or other formalities of any kind, all of which are hereby expressly waived by the Borrower; and (2) in the case of the occurrence of an Event of Default referred to in clause (f) or (g) of this Section, the Obligations shall automatically become immediately due and payable at the Optional Repayment Amount without presentment, demand, protest or other formalities of any kind, all of which are hereby expressly waived by the Borrower.

(j) The Holder is hereby authorized at any time and from time to time, upon the occurrence and during the continuance of any Event of Default, without prior notice to the Borrower, to the fullest extent permitted by law, to set off and apply any and all balances, credits, deposits, accounts or monies at any time held and other obligations or indebtedness at any time owing by the Holder or its Affiliates to or for the account of the Borrower against any and all of the Obligations, whether or not the Holder shall have made any demand hereunder or thereunder. The rights of the Holder under this Section are in addition to, and do not derogate from or impair, other rights and remedies which the Holder may have in law and in equity.

13. Taxes.

(a) If the Borrower shall be required by law to deduct any Taxes from or in respect of any payment under this Note that are not credited to the account of the Holder with the relevant Governmental Authority, then (a) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Holder receives an amount equal to the sum it would have received had no such deductions been made, (b) the Borrower shall make such deductions and (c) the Borrower shall pay on a timely basis the full amount deducted to the relevant Governmental Authority in accordance with Applicable Law.

(b) The Holder shall deliver at the time(s) and in the manner prescribed by Applicable Law, to the Borrower, a properly completed and duly executed United States Internal Revenue Service Form W-9, or any successor form, certifying that the Holder is exempt from United States backup withholding with respect to payments made hereunder.

(c) Without prejudice to the survival of any other agreement of the Borrower hereunder, the agreements and obligations of the Borrower contained in this Section shall survive the prepayment or payment in full or in part of the Loan and the interest thereon of this Note.

14. Observer Rights. The Borrower hereby grants to the Holder, until the Obligations have been paid or otherwise satisfied in full, the right to appoint one (1) individual with full observation rights to attend all meetings of its Board of Directors and any of its committees (the "Observer"). The Borrower hereby acknowledges and agrees that the Observer may choose to attend any meetings of the Borrower's Board of Directors or any of its committees via teleconference and the Borrower shall accommodate such request upon reasonable prior written notice from the

Holder. The Borrower shall provide to the Holder all presentation materials as and when provided to its directors.

15. Waiver. Except to the extent expressly required by the terms hereof, the Borrower hereby waives notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor and all other notices or demands relative to this Note. The Holder shall not be deemed to waive any of its rights hereunder unless such waiver be in writing and signed by the Holder. Any failure on the part of the Holder at any time to require the performance by the Borrower of any of the terms or provisions hereof, even if known, shall in no way affect the Holder's right thereafter to enforce the same, nor shall any failure of the Holder to insist on strict compliance with the terms and conditions hereof be taken or held to be a waiver of any succeeding breach or of the right of the Holder to insist on strict compliance with the terms and conditions hereof.

16. Amendment. No amendment or waiver of any provision of this Note, and no consent to any departure by the Borrower herefrom, shall in any event be effective unless the same shall be in writing and signed by the Holder and the Borrower, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

17. Assignment. This Note shall be binding upon and inure to the benefit of the Holder and its successors and assigns and the Borrower and its successors and permitted assigns. The Borrower shall not assign any of its rights or obligations under this Note without the prior written consent of the Holder, which consent may be withheld in the Holder's sole discretion. The Holder shall have the right to assign any of its rights or obligations under this Note to any person or entity, without the prior written consent of the Borrower. Any assignment or transfer in contradiction of this Section shall be null and void.

18. Dispute Resolution. In the case of a dispute as to the determination of the Volume Weighted Average Price or the Conversion Price, the Borrower shall submit the disputed determinations or arithmetic calculations via (i) facsimile or electronic mail and (ii) overnight courier within two (2) Business Days of receipt, or deemed receipt, of the relevant conversion notice or other event giving rise to such dispute, as the case may be, to the Holder. If the Holder and the Borrower are unable to agree upon such determination or calculation within two (2) Business Days of such disputed determination or arithmetic calculation being submitted to the Holder, then the Borrower shall, within one (1) Business Day submit via facsimile or electronic mail (a) the disputed determination of the Volume Weighted Average Price to an independent, reputable investment bank selected by the Borrower and approved by the Holder or (b) the disputed arithmetic calculation of the Conversion Price to the Borrower's independent, outside accountant. The Borrower, at the Borrower's sole expense, shall cause the investment bank or the accountant, as the case may be, to perform the determinations or calculations and notify the Borrower and the Holder of the results no later than five (5) Business Days from the time it receives the disputed determinations or calculations. Such investment bank's or accountant's determination or calculation, as the case may be, shall be binding upon all parties absent manifest error.

19. Severability. In case any provision or obligation under this Note shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining

provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

20. Governing Law. This Note shall be governed by, and construed in accordance with, the laws of the State of New York, without giving effect to principles of conflicts of laws that would otherwise direct application of the laws of another jurisdiction.

21. Consent to Jurisdiction and Venue. EACH PARTY HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS NOTE, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. NOTHING IN THIS NOTE SHALL AFFECT ANY RIGHT THAT THE HOLDER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS NOTE AGAINST THE BORROWER OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

EACH PARTY HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS NOTE IN ANY COURT REFERRED TO IN THE PRECEDING PARAGRAPH OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

22. Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS NOTE (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO HEREBY (a) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (b) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS NOTE BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

23. Counterparts; Facsimile or Electronic Mail Execution. This Note may be executed in any number of counterparts and by different parties on separate counterparts, each of which,

when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Note. Delivery of an executed counterpart of this Note by facsimile or electronic mail shall be equally as effective as delivery of an original executed counterpart of this Note. Any party delivering an executed counterpart of this Note by facsimile or electronic mail also shall deliver an original executed counterpart of this Note but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Note.

24. No Third-Party Beneficiaries. No provision hereof is intended to confer, will confer, or will be deemed to confer benefits, rights, or remedies upon any person other than upon the Holder and the Borrower, their respective successors and assigns.

25. Captions. Titles, captions, and headings included herein are for convenience of reference only and do not affect the meaning, construction, or interpretation hereof or of any provision hereof.

26. Fees and Expenses. The Borrower hereby agrees to pay on demand all reasonable fees, costs and expenses of the Holder in connection with the preparation, negotiation, execution, delivery, administration, modification or amendment of this Note, including travel costs, investigative, solvency, background and other third party fees and expenses, search, filing and recording fees and taxes, the reasonable fees and expenses of counsel for the Holder with respect thereto and with respect to advising the Holder as to its rights and responsibilities under such documents (which fees and expenses of counsel for the preparation, negotiation, execution and initial delivery of this Note shall not exceed $40,000); provided, that the Borrower shall not be responsible for such fees, costs and expenses if all of the Conditions to Funding have been satisfied but the Holder (i) completes its due diligence, (ii) obtains its investment committee approval for the Loan, and (iii) unreasonably declines to fund the Loan Amount and complete the Loan transaction. In addition, the Borrower shall reimburse Holder for any of its fees, costs and expenses for the normal administration of this Note, after the Funding Date in an amount not to exceed $5,000 per annum. The Borrower further agrees to pay on demand all fees, costs and expenses of the Holder, if any (including, without limitation, counsel fees and expenses), in connection with the amendment or modification of this Note, the exercise of the conversion rights hereunder (including the preparation and/or review of any and all documentation related thereto), and the enforcement (whether through negotiations, legal proceedings or otherwise) of this Note. This covenant shall survive termination of this Note and satisfaction of the Obligations hereunder.

27. Notices. Any notice, request or other communication to be given or made under this Note shall be in writing and, unless otherwise specified herein, may be delivered by hand, airmail, facsimile, electronic mail or established courier service to each party hereto at its respective address specified below its name on the signature page hereto or at such other address as it may notify the other party hereto in writing from time to time, and will be effective upon receipt.

28. Entire Agreement. This Note contains the entire agreement among the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous arrangements or understandings with respect thereto.

29. Patriot Act. The Holder hereby notifies the Borrower that pursuant to the requirements of the Patriot Act it is hereby required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow the Holder to identify the Borrower in accordance with the Patriot Act. The Borrower shall promptly following a request by the Holder, provide all documentation and other information that the Holder requests in order to comply with its ongoing obligations under applicable "know your customer" and anti-money laundering rules and regulations, including the Patriot Act.

30. Broker's Fee. The Borrower hereby represents that (i) other than Ardour Capital Investments, LLC, it has not engaged any other broker, finder, commission agent or any other intermediary in connection with the Loan or the other transactions contemplated hereby, (ii) it will be solely responsible for the fees of Ardour Capital Investments, LLC, and (iii) it neither is nor will be obligated for any other brokers' or finders' fee or commission in connection therewith.

31. Certain Understandings. This Note is intended to create a borrower/lender relationship. This Note does not create any agency, joint venture, partnership or formal business organization of any kind between the Borrower and the Holder, nor does it create any right, power or authority to act on behalf of the other party, other than as expressly set forth in this Note.

32. Treatment of Note. To the extent permitted by generally accepted accounting principles, the Borrower will treat, account and report this Note as debt and not equity for accounting purposes and with respect to any Tax Returns.

33. Survival of Representations and Warranties. All representations and warranties made hereunder or any other document delivered pursuant hereto or in connection herewith shall survive the execution and delivery hereof.

34. Time of Essence. The Borrower hereby agrees that time is of the essence with respect to this Note.

[Signature page follows]

IN WITNESS WHEREOF, the Borrower has executed and delivered this Senior Convertible Promissory Note as of the date first above written.

TECOGEN INC.,
a Delaware corporation

By: /s/ John N. Hatsopoulos
Title: CEO

Address:
45 First Avenue
Waltham, Massachusetts 02451

ACCEPTED AND AGREED TO:

MICHAELSON CAPITAL SPECIAL FINANCE FUND LP,
a Delaware limited partnership

By: /s/ John Michaelson
Title: Managing Partner

Address:
400 Madison Avenue, Suite 2A
New York, NY 10017

SCHEDULE I
EXISTING DEBT, EQUITY INTERESTS AND GRANTS

DEBT

John N. Hatsopoulos			
Demand notes, principal		1,750,000	
Accrued interest as of December 31, 2013		167,469	
Line of Credit, principal		1,200,000	
Accrued interest as of December 31, 2013		24,555	
Principal			
Total, principal		2,950,000	*
Accrued interest as of December 31, 2013		192,024	*

* To be paid in January 2014, after note closing

EQUITY INTERESTS

CAP TABLE - December 18, 2013 - Update from S-1 dated September 3, 2013			
5% Holders:			
John N. Hatsopoulos		3,718,839	
George N. Hatsopoulos		3,630,457	(1)
RBC cees Nominees Limited		904,105	
Joseph J. Ritchie		896,613	
Directors and Officers:			
John N. Hatsopoulos		3,718,839	
George N. Hatsopoulos		3,630,457	
Robert A. Panora		225,850	
Bonnie J. Brown		106,250	
Charles T. Maxwell		87,500	
Angelina M. Galiteva		62,500	
Ahmed F. Ghoniem		37,500	
Joseph E. Aoun	0		
All executive officers and directors as a group (8 persons)		7,868,896	
Shares outstanding as of December 20, 2013		14,676,005	(2) (3)
Options outstanding as of December 20, 2013		1,109,000	(4) (5)

(1) George converted debt with principal of $90,966.98 plus interest of $11,279.90 to shares of the Company's common stock.

(2) Increase represents private placement currently in process which has increased the shares outstanding by 997,494 plus the converted shares from (1) above.

(3) Up to 2,500,000 shares has been authorized by the board to be issued in connection with an ongoing private placement. As of December 18, 2013, 997,494 have been issued providing 1,502,506 remaining shares authorized for issuance under the ongoing private placement.

(4) 25,000 options exercised at $0.12 per share in October 2013.

(5) See separate schedule for detail.

STOCK OPTION SUMMARY

Grant Date	# Shares	Price
2/24/2004	7,500	$ 1.20
9/29/2005	25,000	$ 1.20
2/13/2008	391,250	$ 1.20
3/11/2009	100,000	$ 2.00
2/18/2010	25,000	$ 2.60
2/15/2011	474,000	$ 2.60
11/10/2011	31,250	$ 2.80
8/29/2012	12,500	$ 3.20
12/31/2012	5,000	$ 3.20
6/3/2013	37,500	$ 3.20
	1,109,000	

[Exhibit “A” to Senior Convertible Promissory Note]

SCHEDULE II
LIENS

- Letter of Credit in favor of Enterprise Bank & Trust Company, securing Performance Bond, in an amount of Five Hundred Seventy Seven Thousand Three Hundred Dollars ($577,300).*

*Expected release of Performance Bond is Q2 2014.

EXHIBIT “A”
FORM OF COMMON STOCK PURCHASE AGREEMENT

[Filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on November 13, 2013]

EXHIBIT "B"

FORM OF NOTICE OF CONVERSION

Pursuant to that certain Senior Convertible Promissory Note dated as of December [•], 2013 (as amended, amended and restated, supplemented, or otherwise modified from time to time to the date hereof, the "Note"; the terms defined therein and not otherwise defined herein being used herein as therein defined), by Tecogen Inc., a Delaware corporation (the "Borrower"), in favor of Michaelson Capital Special Finance Fund LP, a Delaware limited partnership (the "Holder"), the Holder hereby elects to convert the Aggregate Conversion Amount indicated below into Common Stock, as of the date specified below.

Date of Conversion: _____

Aggregate Conversion Amount to be converted: _____

Please confirm the following information:

Conversion Price: _____

Number of shares of Common Stock to be issued: _____

Please issue the Common Stock into which the Aggregate Conversion Amount is being converted in the following name and to the following address:

Issue to: _____

_____

_____

Facsimile Number: _____

Account Number: _____

(if electronic book entry transfer)

Transaction Code Number: _____

(if electronic book entry transfer)

The Holder hereby represents that it is an "Accredited Investor" as defined in the rules and regulations under the Securities Act.

DATED: _____ MICHAELSON CAPITAL SPECIAL FUND LP

By: _____

Name: _____

Title: _____

ACKNOWLEDGMENT

The Borrower hereby acknowledges this Notice of Optional Conversion and hereby directs [*Insert name of Borrower's transfer agent*] to issue the above indicated number of shares of Common Stock in accordance with the transfer agent instructions from the Borrower and acknowledged and agreed to by [*Insert name of Borrower's transfer agent*].

DATED: _____ TECOGEN INC.

By: _____

Name: _____

Title: _____

EXHIBIT "C"
FORM OF NOTICE OF MANDATORY CONVERSION

Reference is made to that certain Senior Convertible Promissory Note dated as of December [•], 2013 (as amended, amended and restated, supplemented, or otherwise modified from time to time to the date hereof, the "Note"; the terms defined therein and not otherwise defined herein being used herein as therein defined), by Tecogen Inc., a Delaware corporation (the "Borrower"), in favor of Michaelson Capital Special Finance Fund LP, a Delaware limited partnership (the "Holder").

The Borrower hereby represents and warrants to the Holder that on the date hereof:

1. the Common Stock is trading on a nationally recognized stock exchange;

2. the Common Stock is subject to an effective Registration Statement;

3. the arithmetic average of the Volume Weighted Average Price of the Common Stock for the preceding twenty (20) consecutive Trading Days exceeds 185% of the Conversion Price; and

4. the dollar value of the average trading volume of the Common Stock for the preceding twenty (20) consecutive Trading Days exceeds $150,000.

The Borrower hereby elects to convert the Aggregate Conversion Amount indicated below into Common Stock, as of the date specified below.

Date of Conversion: _____

Aggregate Conversion Amount to be converted: _____

Conversion Price: _____

Number of shares of Common Stock to be issued: _____

The Borrower hereby directs [*Insert name of Borrower's transfer agent*] to issue the above indicated number of shares of Common Stock in accordance with the transfer agent instructions from the Borrower and acknowledged and agreed to by [*Insert name of Borrower's transfer agent*].

DATED: _____ TECOGEN INC.

By: _____
Name: _____
Title: _____

ACKNOWLEDGMENT

The Holder hereby acknowledges this Notice of Mandatory Conversion and hereby directs the Borrower to issue the Common Stock into which the Aggregate Conversion Amount is being converted in the following name and to the following address.

Issue to: _____

_____

_____

Facsimile Number: _____

Account Number: _____

(if electronic book entry transfer)

Transaction Code Number: _____

(if electronic book entry transfer)

The Holder hereby represents that it is an "Accredited Investor" as defined in the rules and regulations under the Securities Act.

DATED: _____ MICHAELSON CAPITAL SPECIAL FUND LP

By: _____

Name: _____

Title: _____

Exhibit 10.22

COLLECTIVE BARGAINING AGREEMENT

BETWEEN

INTERNATIONAL UNION OF OPERATING ENGINEERS, LOCAL 68, 68A, 68B

AND

TECOGEN, INC.

TERM OF AGREEMENT

January 1, 2014 – December 31, 2016

Contents

Agreement made this 1st day of January 2014 between the International Union of Operating Engineers, Local 68, 68A, 68B, AFL-CIO (“Union”) and Tecogen, Inc., (“Employer” or “the Company”).

Preamble

The Union and the Employer agree to act at all times in a manner designed to assure proper dignity for all employees, each other, and the customers they serve.

Article I – Declaration of Principles

A) To provide opportunities for continued employment, the Company must be in a strong market position that will enable it to provide services cost effectively and competitively.

B) There shall be no restriction of the use of machinery, tools or appliances, as long as the technician is trained to use the machinery, tool or appliance.

C) There shall be no restriction of the use of any raw or manufactured material, as long as the purchase of material is approved by a supervisor.

D) No person representing the Union, except its Business Representative, shall have the right to interview the workmen during business hours, and no such interview shall take place during working time. The Business Representative shall comply with all general conditions of the Employer regarding passes, entrance to be used, etc., and shall only appear at the Employer's facilities if he arranges such meeting in advance with the Company, and no person representing the Union shall interview any employee at the facility of any customer of the Company, or on any service call during working hours.

Article II – Union Recognition Coverage

In accordance with the provisions of the National Labor Relations Act ("Act"), the Employer recognizes the Union as the exclusive representative for the purposes of collective bargaining with respect to rates of pay, wages, hours of work or other conditions of employment for all full time and regular part time service technicians working at and out of the Employer's facilities located at 417 Bell Street, Piscataway, NJ, and excluding all other employees, including office clerical workers, guards, professional employees, service supervisors, assistant service supervisors and all other supervisors as defined in the Act. This Agreement shall cover all such employees that fall under Union's jurisdiction. Union has represented that it is part of the International Union of Operating Engineers, 1125 Seventh Street, NW, Washington, D.C., and that the unit as described above is within its jurisdiction.

The term "employees" as used herein, unless the context otherwise indicates, means the employees covered by this Agreement. Employees who have been employed by the Employer for a period of at least thirty (30) days shall be required to become members of the Union as a condition of continued employment.

This agreement does not apply to, and confers no rights concerning, any other location or facility of the Company.

For the purpose of this Agreement, an employee shall be considered a member of the Union in good standing if he tenders his periodic dues and initiation fee assessments uniformly required as a condition of Union membership.

The Employer agrees to deduct from the wages of each regular employee and each probationary employee after thirty (30) days, the membership dues, and initiation fee of the Union, provided the Employer receives from each employee affected written authorization to make such deduction, which authorization shall conform with the requirements of the Labor Management Relations Act of 1947, as amended. Such deductions shall be made by the Employer from the employee's wages on the first payroll of the calendar month, provided sufficient money is due to the employee. The Company shall forward the money so deducted to the Union at the address indicated in this Agreement. Payment of such money to the Union as aforesaid shall be deemed full compliance with the requirements of this paragraph.

The Employer assumes no obligation, financial or otherwise, arising out of the provisions of this Article, and the Union hereby agrees that it will indemnify and hold the Employer harmless from any claims, actions or proceedings by any employee arising from deductions made by the Employer hereunder. Once the funds are transmitted to the Union, their disposition thereafter shall be the sole and exclusive obligation and responsibility of the Union.

Article III – Wages

See Schedule "A"

Article IV – Hours

A) The Employer shall be free to fix the hours of employment, provided that a normal work week for employees shall consist of forty (40) hours, divided into five (5) consecutive days of eight (8) hours each, or four (4) consecutive days of ten (10) hours each.

B) Unless otherwise scheduled by the Employer, employees are expected to leave their homes by 6:30 a.m. and shall make best efforts to report to their assigned work location by 7:30 a.m. Employees shall be paid for any time actually worked if they arrive at the jobsite before 7:30 a.m. To the extent that it takes an employee more than one hour to commute from his home to the customer's location at the beginning of his shift, or from the customer's location to the employee's home at the end of his shift, the employee shall be paid for that commuting time in excess of one hour either way. This provision shall only apply to time spent commuting to or from a customer before or after the regularly assigned work hours for any particular day in question. If the employee is "on call" and commuting to the on call assignment from his residence, the employee shall be paid for his commuting time.

C) Lunch Breaks will take place between approximately 12 and 1 each day, unless another lunch break is more appropriate in light of the requirements of a particular jobsite or assignment. From April 1 through September 30, lunch breaks will be paid time. From October 1 through March 31, lunch breaks will not be paid time.

D) Management shall give five (5) days notice prior to changing work schedules. This does not pertain to emergencies. In the event that an employee's shift is changed without five (5) days notice, the employee shall be paid a ten percent (10%) bonus for each day of work up to ten (10) days on which the shift is changed. This does not apply to the on-call technician or to employees asked to work overtime.

E) The Company shall have the unilateral right to assign overtime work and/or holiday work, but the Company shall make its best efforts to distribute overtime opportunities to all members of the unit, provided, however, that this shall not prevent the Company from assigning overtime opportunities to employees with the relevant skills or experience for a particular job, or from using, in its sole discretion, any other reasonable criteria in the assignment process, including the location of the employee in relation to the job in question. No overtime or holiday pay shall be paid unless such overtime and/or holiday work has been specifically and explicitly authorized by the Company. Overtime at the rate of time and one-half will be paid to employees who render services in excess of forty (40) working hours per week.

F) In the case of an employee whose regular schedule calls for the performance of work on the sixth consecutive day, such employee will receive time and one-half for the work performed on the sixth (6^{th}) day to the extent such hours exceed forty (40) working hours per week. An employee required to work on a Sunday shall receive double his normal rate of pay.

G) Unused vacation and sick time will be allowed to rollover into the next year to the extent permitted by Tecogen's policy on unused vacation and sick time.

Holidays

Full-time employees covered by this Agreement shall be entitled to the holidays designated by the Company on an annual basis, typically consisting of the following (10) holidays per year:

New Year's Day President's Day
Memorial Day Martin Luther King Day
Labor Day Independence Day
Thanksgiving Day Columbus Day
Day after Thanksgiving
Christmas Day

If the Company requires employees to work on a holiday, they shall receive time and one-half for each hour worked plus one day of pay at their regular hourly pay.

All employees covered by this Agreement who have completed their probationary period and who do not perform work for the Company on a holiday, as described above or on any day observed as such, shall be paid "Holiday Pay" at the employee's straight time hourly rate, regardless of the day of the week on which the holiday falls, subject to the following conditions:

1. The employee must work the entire scheduled work day immediately preceding the holiday and the entire scheduled work day immediately following the holiday, unless excused by the Company.
2. An employee will not receive Holiday Pay for a holiday which occurs during a period of lay off, strike, disciplinary suspension, a leave of absence or which follows an employee's resignation or discharge, or in any other separation from employment in which the employee was not available for scheduled work on the holiday in question.
3. In the event that the Company determines that it is necessary to schedule work on a holiday, and the employee fails to report for work on that day, he or she shall not be entitled to holiday pay for that holiday.

Holidays shall not be counted as time worked for purposes of computing weekly overtime pay unless the employee actually worked on the holiday.

If a holiday falls within an employee's vacation period, the employee shall receive straight time holiday pay.

Article V – Hiring, Seniority

A) It is understood that the success of the business depends upon its efficient operation and accordingly, it is agreed that the Employer shall notify the Union of any job openings and permit five (5) days exclusive for the Union to refer applicants before hiring provided, however, that the Company shall be free to hire employees from any source at any time, in its sole and absolute discretion.

B) Promotions from one job classification covered by this Agreement to another job classification covered by this Agreement shall be made on the basis of performance, as determined by the Employer. The Employer shall give notice of any such promotion in advance to the Union so that the Union, if it desires, can discuss such promotion with the Employer. The judgment of the Employer, however, shall be final and not be subject to the grievance procedure or arbitration.

Article VI – Shop Steward

There shall be a shop steward and one Assistant Shop Steward who will be appointed by the Union to attend to the interest of the Union and the Employer shall allow reasonable time, not to exceed three (3) hours per month, for the performance of such duty. Shop Steward shall have super-seniority for lay-off purposes only.

Article VII – Grievance Procedure

A grievance is defined as a dispute between an employee covered by this Agreement and the Company relating to an alleged violation of an express term or terms of this Agreement. Should any employee have a grievance, an earnest effort shall be made to adjust such grievance promptly and in the following manner and order:

First Step: An employee who claims a grievance shall, within five (5) working days after the event giving rise to the grievance, submit the grievance in writing, on forms provided by the Union, signed and dated, to his or her immediate supervisor. The written grievance shall state the alleged cause of the grievance, the provision of this Agreement claimed to be violated, and the remedy requested. A member of the Union designated to handle grievances may present the grievance if the employee requests. The supervisor or his designated representative shall provide an answer to the grievance within five (5) working days after receipt of a grievance conforming to the requirements of this Article. If the supervisor or designated representative fails to provide a formal answer to the grievance within five (5) working days, it shall be deemed a denial of the grievance.

Second Step: If the grievance is not settled in the First Step above, the written grievance may be presented by a member of the Union designated to handle grievances to the Company's Field Operations Manager within five (5) working days after receipt of the Company's First Step answer or the date on which the First Step grievance is deemed to have been denied as a result of the Company's failure to respond. Within ten (10) working days after receipt of the written grievance, a meeting shall be held to discuss the grievance between the Company's Field Operations Manager or his or her designated representative and any other Company representatives the Company desires to be present, the employee claiming a grievance, and a member of the Union designated to handle grievances. Within five (5) working days after the closing of the meeting, the Company shall provide its answer in writing to the Union. If the Company fails to provide its answer within five (5) working days, it shall be deemed to be a denial of the Second Step grievance.

The Company's answer shall be considered as satisfactory, and the grievance considered settled, unless the Union gives the Company written notice of its intent to arbitrate within fifteen (15) working days of the close of the "Second Step" meeting, in accordance with the arbitration provisions set forth below.

Article VIII – Arbitration

A grievance which has not been resolved may, within fifteen (15) working days after completion of the grievance procedure, be referred for arbitration by the Employer or the Union to an arbitrator selected in accordance with the procedures of the American Arbitration Association ("AAA"). The arbitration shall be conducted under the Voluntary Labor Arbitration Rules then prevailing of the AAA.

A) All steps and time limits specified in this Article are mandatory, and the steps may be waived or the time limits extended or reduced only by written mutual agreement of the Union and the Company.
B) "Working day," as used in this Article and in the preceding article, is defined as a normally scheduled operating day, excluding scheduled vacations, holidays, Saturdays and Sundays.
C) The arbitrator shall have no power to add to, subtract from, change, modify, or amend any of the terms or provisions of this Agreement. All decisions made by an arbitrator within his or her authority, as defined in this Agreement, shall be final and binding on the Company, the Union, and the employees covered by this Agreement.
D) Each party shall bear the expense of its own presentation. The cost and expenses of the arbitration, including the cost of a hearing room, if any, and the cost of a record of proceedings for the arbitration, shall be divided equally between the Union and the Company. Should either party desire a copy of the transcript of any arbitration proceeding(s), the party requesting the copy shall pay the cost of its copy.

Article IX – Interruption of Work

A) The Union agrees that during the term of this Agreement neither it nor its officers, its agents or any of the employees covered by this Agreement will authorize, cause, instigate, condone, or engage in any work stoppage, sit-down, strike, sympathy strike, unfair labor practice strike, work slowdown, picketing, boycott or any other action which may interrupt or interfere with the operations of the Company, including without limitation any refusal to cross picket lines at the Company's premises.
B) The Company agrees that it will not engage in a lockout during the term of this Agreement.
C) During the term of the Agreement, the Union and employees covered by this Agreement will continue to perform their duties in the event that any other employees, labor organizations or other persons engage in any strike, picketing, walkout, boycotting, whether of a primary or secondary nature.
D) Should any of the activities proscribed by this Article occur or be threatened, not called or sanctioned directly or indirectly by the Union, the Union, on notification to it by the Company of the occurrence or threat of such activity shall:

    1. Advise the Company within twenty-four (24) hours in writing that such activity has not been called or sanctioned by the Union; and
    2. Take immediate and affirmative steps with the employees involved (including, without limitation, letters, bulletins, employee meetings, and directions by authorized Union representatives to resume work under pain of internal Union discipline) to bring about an immediate resumption of work.

E) In the event of any violation of Section A of this Article, there shall be no discussion or negotiations regarding any differences or disputes between the parties hereto during the existence of such violation before the violation ends and work resumes in full.
F) Nothing in this Agreement shall be interpreted to interfere with or limit the rights granted the Company and the Union under the National Labor Relations Act or any other applicable law in the event of a violation of this Article.
G) Any violation of Section A of this Article by any employee or employees shall constitute cause for immediate discipline and/or discharge, at the Company's discretion, provided that the question of whether any employee participated in such violation shall be subject to the grievance and arbitration procedures described in this Agreement.

Article X – Vacations

The vacation schedules of the full-time employees covered by this Agreement will be in accordance with the Employer's general vacation policy.

A) Vacation begins to accrue after the completion of 1 month of service, but an employee shall not be entitled to use any vacation time until he or she has completed 90 days of continuous employment. Employees are raised to the higher accrual rate on the accrual date that follows their employment anniversary date. Vacation days are accrued as follows:

- 0-1 year of service will receive vacation on a prorated basis.
- 1 year, but less than 5 years, of service will receive 10 days per year. Accrues at .84 Days per month.
- 5 years, but less than 15 years, of service will receive 15 days per year. Accrues at 1.25 Days per month.
- 15 years, but less than 25 years, of service will receive 20 days per year. Accrues at 1.67 Days per month.
- Employees with 25 or more years of service receive 25 days per year. Accrues 2.08 Days per month.

B) Procedures

1. Vacations should be conveniently arranged with the employee's manager in such a way as to not conflict with the department's work requirements.
2. The maximum amount of vacation that an employee may carry over from one (1) year to the next is thirty (30) days.
3. If an observed Company holiday falls within a vacation period, the employee will receive holiday pay for the day and will not be charged vacation time for that day.
4. Pay is not given in lieu of vacation except when an employee leaves the Company. The employee must have a minimum of ninety (90) days of continuous employment before he or she shall be entitled to receive any vacation pay.
5. Vacation must be accurately recorded on time sheets.
6. All requests to take three or more consecutive vacation days between April 1 and September 30 of any particular year must be submitted by April 1st. A "Vacation Request" sheet will be posted no later than March 1st of each year. All requests to take less than three consecutive vacation days between April 1 and September 30, or to take any vacation day between October 1 and March 31, shall be submitted at least two weeks in advance.
7. No two (2) employees will be allowed to take vacation at the same time.
8. Seniority will be the basis for choice regarding a vacation period desired by more than one (1) employee.
9. The final vacation schedule rests with management and will be determined as the needs of operation dictate. All vacations must be approved by management.
10. Termination for just cause or failure to give at least two (2) weeks advance notice of resignation will cause forfeiture of any vacation time.
11. Any break in continuous service by an employee will result in loss of seniority. If an employee leaves or is terminated for any reason and is rehired the employee will be considered a new employee and will accrue vacations as a new employee based on new anniversary date, provided, however, that it shall not constitute a break in continuous service for seniority purposes if an employee is reinstated to employment as part of a resolution of a grievance.
12. In accordance with the Employer's vacation policy, vacation benefits shall accrue as established by the Employer in each year and in the event of retirement, death or the layoff of an employee there, the employee shall receive accrued vacation.

Article XI – Severance Allowance

A) The Employer shall be entitled to engage in layoffs of employees whenever the work load or other needs of the business dictate. The Employer shall grant severance allowance to employees laid off in accordance with the following provisions:

1. Any employee laid off because of a reduction or decrease in staff, who at the time of layoff had been continuously employed by the Employer for a period of not less than three (3) years.

2. Any employee whose employment is terminated on the grounds of ill health, who has been continuously employed by the Employer for a period of not less than five (5) years.

B) The severance allowance schedule for employees continuously employed by the Employer shall be as follows:

Three (3) to five (5) years employment – one (1) weeks pay
Five (5) to ten (10) years employment – two (2) weeks pay
Ten (10) years employment – two (2) weeks pay plus one (1) additional week for each year of employment over ten (10) years.

Article XII – Sick Leave

All employees covered hereunder who have been in the employ of the employer for at least one year, shall accrue five (5) days sick leave, plus one (1) additional day for each full year of service, up to a maximum of five (5) additional days. Sick leave will be accrued equally per pay period through December 31. This benefit does not apply to time lost due to worker's compensation cases. All New employees not employed on January 1, will accrue sick leave equally per pay period, following a one-month waiting period, provided, however, that accrued sick leave may not be taken until the employee completes three (3) months of continuous service.

Article XIII – Fringe Benefits

Employees shall be able to participate in the Company's benefit plans on the same terms and conditions as other similarly situated employees.

Article XIV – Work Uniform and Shoe Allowance

Each employee shall receive an allowance of three hundred and fifteen dollars ($315.00) each year toward the purchase of work uniforms and shoes.

Article XV – Jury Duty

For each day that an employee is required to serve on jury duty and presents court certification hereof, the Employer shall pay the difference between the amount such employee would normally have earned had he worked his straight time scheduled hours and his remuneration for such day for jury duty.

Article XVI – Death In Family

In case of death occurring in the immediate family of an employee, the employee shall return to work by the fourth (4th) consecutive calendar day after such death. If any or all of the three (3) intervening days were scheduled working days, they shall be considered as an excused absence for which straight time payment will be made. If such a death occurs during a working day, the remainder of the day, not to exceed a total of eight (8) hours for the day, will be paid with full salary. The next day shall be considered as the first (1st) calendar day of absence. Employees shall not receive pay under this provision for scheduled days off. "Immediate Family" is interpreted to mean only wife, husband, child, father, mother, brother, sister, mother-in-law or father-in-law. Employees shall receive one day off to attend grandparents' funeral.

Article XVII – Vehicle Use

If employees are required to use their personal vehicles in the course of the work day, they shall be compensated at the Internal Revenue Service rate of mileage reimbursement. Company vehicles shall be used for Company purposes only or for commuting directly to and from work.

Article XVIII – Complete Agreement

This Agreement is in full and complete satisfaction of all matters subject to collective bargaining for the term hereof and no modification shall be effective except by mutual written consent. The parties to this Agreement acknowledge that during the negotiation leading up to this Agreement, each had the unlimited right and opportunity to make demands and proposals with respect to any subject matter not removed by law from the area of collective bargaining, and that the understandings and agreements arrived at by the parties after the exercise of that right and opportunity are set forth in this Agreement. Therefore, the Employer and the Union, for the life of this Agreement, each voluntarily waives the right, and each agrees that the other shall not be obligated, to bargain collectively with respect to any subject matter or subject referred to or covered in this Agreement, or with respect to any matter not specifically referred to or covered in this Agreement, even though such subject or matter may not have been within the knowledge or contemplation of either or both of the parties at the time they negotiated and signed this Agreement. The parties further agree that this Agreement represents the complete Agreement between the parties.

Article XIX – Probationary Employees

Newly hired Employees shall be considered probationary for a period of three (3) months from the date of employment, excluding time lost for sickness and other leaves of absence.

During or at the end of the probationary period the Employer may discharge any probationary employee at will and such discharge shall not be subject to the grievance and arbitration provisions of this Agreement.

Article XX – Severability

In the event any provision of this Agreement be adjudged in conflict with any law, ordinance or regulation of the State or Federal government or any department thereof said provision shall be null and void but all other provisions of this Agreement shall remain in full force and effect. In such cases, the parties may, at their option, re-negotiate such provision or provisions of the Agreement for the purposes of making them conform to any such order or ruling.

Article XXI – Management Rights

A) The Company retains the exclusive right to manage its business, to direct, control and schedule its operations and workforce, and to make any and all decisions affecting the business, whether or not specifically mentioned herein and whether or not previously exercised. Such prerogatives shall include, but shall not be limited to, the sole and exclusive right (1) to hire, promote, layoff, assign, or transfer employees, or to suspend, discharge and discipline employees for just cause; (2) to select and determine the number of its employees, including the number assigned to any particular work; (3) to increase or decrease the number of its employees; (4) to direct and schedule the workforce; (5) to determine the location and type of operation including the means, methods, procedures, materials and operations to be used by employees of the Company, (6) to discontinue or relocate operations by employees of the Employer in whole or in part; (7) to purchase services or materials from any supplier whatsoever; (8) to determine whether and schedule when overtime shall be worked; (9) to establish, increase or decrease the number of workshifts and their starting and ending times; (10) to assign employees to any work area or workshift; (11) to install or remove equipment; (12) to determine the work duties of employees; (13) to establish, post and enforce rules and regulations governing the conduct and acts of employees during working hours; (14) to select supervisory employees; (15) to determine the qualifications for employment with the Company; (16) to train employees; (17) to set and determine reasonable work performance levels and standards of performance of employees; and (18) to carry out, in all respects, the ordinary and customary functions of management except as specifically altered or modified by the express terms of this Agreement. In assigning the work, the Company shall be entitled to have supervisors and/or management work on any unit serviced by the Company, and the Company shall continue to have the right, in its sole and absolute discretion, to engage subcontractors to service units on an as-needed basis and as it has previously done, including, but not limited to the following work: rolling tubes, large Caterpillar or Waukesha engine work, Eddy current testing, and other work that the Company has previously subcontracted.

B) Failure to exercise any managerial function, whether or not expressly stated herein, shall not constitute a waiver of the Company's right to do so.

C) The selection of supervisory personnel shall be the sole responsibility of the Company and shall not be subject to the grievance and arbitration provisions of this Agreement. The provisions of this Agreement do not prohibit the Company from directing any person not covered by this Agreement, including management personnel, to perform or to refrain from performing any task, provided, however, that the Company shall be prohibited from assigning other service technicians of the Company not covered by this Agreement to perform services in areas typically serviced by the Piscataway, NJ service center of the Company.

D) Nothing in this Agreement shall be interpreted or construed so as to inhibit the Company from using the most safe,

economical, or efficient methods of operation.

E) The foregoing statement of the rights of management and of Company functions and prerogatives is not all inclusive and shall not be construed in any way to exclude or eliminate other Company rights, functions, and prerogatives not specifically enumerated, except to the extent that such rights are specifically and explicitly abridged or modified by this Agreement.

Article XXII – Employee Handbook

All employees subject to this Agreement are required to adhere to the policies, practices, and procedures set forth in the Company's Employee Handbook, including any amendments thereto made and communicated to the employees during the term of this Agreement, provided that the Company shall inform the Union about such changes or amendments before they are implemented, and the Company shall confer with the Union concerning changes in policies, practices or procedures.

To the extent that a policy, practice, or procedure set forth in the Company's Employee Handbook conflicts with a term of this Agreement, the Agreement shall govern.

Article XXIII – Duration of Agreement

This Agreement shall be effective the date first written above and shall continue in full force and effect until the third anniversary of its execution. This Agreement shall be automatically renewed from year to year thereafter, unless either party provides written notification, at least 60 days prior to the expiration date of this Agreement, or any anniversary of the original expiration date, that changes in the Agreement are desired.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be signed by their duly authorized officers the day and year first above written.

TECOGEN, INC. **INTERNATIONAL UNION OF OPERATING ENGINEERS, LOCAL 68, 68A, 68B, AFL-CIO**

/s/ Robert A. Panora
Robert A. Panora, President

/s/ Thomas P. Giblin
Thomas P. Giblin, Business Man.

/s/ Edward P. Boylan
Edward P. Boylan, President

/s/ Kevin P. Frey
Kevin P. Frey, Recording Sec.

/s/ Andres Restrepo
Andres Restrepo, Business Rep.

February 25, 2014

Schedule "A" – Wages

The following hourly rates shall be paid weekly effective as of January 1, 2014 for the job classifications as indicated below:

Classification	Hourly Rate
Route Engineer	$31.00
Route Mechanic "A"	$26.75
Route Mechanic "B"	$24.00

On the first and second anniversaries of this Agreement, the employees shall receive a two and one-half (2.5%) percent annual wage increase.

In addition, on or before April 30, 2014, Tecogen shall make a one-time payment to each employee, determined by subtracting X from Y, where X equals the number of hours worked by the employee during the period August 1, 2013 through December 31, 2013, multiplied by the employee's hourly rate in effect at the time the hours were worked, and Y equals the number of hours worked from August 1, 2013 through December 31, 2013, multiplied by the hourly rate that the employee would have been paid had the January 1, 2014 hourly rate been in effect on August 1, 2013.

During the period April 1 through September 30, on-call technicians will be paid an additional $300 per week when they are on-call. During the period October 1 through March 31, on-call technicians shall be paid $75 per week when they are on-call. A technician shall only be on-call if specifically designated as such and a service agreement in the territory requires a technician to be on-call. On-call pay will be added to the on-call technician's paycheck the week following the employee's on-call duty.

Schedule "B" – Additional Benefits

1. Education Fund

The Employer shall contribute to the Local 68 Engineers' Education Fund the sum of $6.00 per week for each full time member of the unit.

2. 401(k) Retirement Savings Plan

The plan allows an employee to contribute between 1% and 60% of his own pay on a pretax basis. Contributions are made through payroll deductions and will be taken out of base pay including overtime pay, sick pay, vacation pay, bonuses, and commissions. Contributions are subject to annual dollar limits set by the IRS. The plan is currently managed by Brinker Capital, but the Company reserves the right to change the manager at any time. Employees may

enroll after completing 3 months of service with the Company. Company matching is on a discretionary basis and begins after one year of service with vesting of the Company's contributions after three years of service.

3. Stock Options

The Company shall make a one-time award of stock options to those employees employed by the Company as of September 1, 2013. Although the option plan is not yet finalized, the Company expects to offer stock options based on the employee's years of service and performance. The Company expects the options to be offered by the end of January 2014.

TECOGEN INC.
PROMISSORY NOTE – LINE OF CREDIT

U.S. $3,500,000.00 March 26, 2014

FOR VALUE RECEIVED, Tecogen Inc., a corporation organized under the laws of Delaware ("Borrower"), with offices located at 45 First Avenue, Waltham, Massachusetts 02451, agrees to pay to **John N. Hatsopoulos** ("Lender"), residing at 3 Woodcock Lane, Lincoln, Massachusetts 01773, or order, the principal sum of Three Million Five Hundred Thousand U.S. Dollars ($3,500,000), or so much of that sum as may be advanced under that certain Revolving Line of Credit Agreement between Borrower and Lender, dated March 25, 2014, as amended from time to time (the "Credit Agreement"), through March 25, 2015 (the "Maturity Date"), together with interest from the date hereof on the unpaid principal balance at the rate specified below, until repaid in full. Prepayment of principal, together with accrued interest, may be made at any time without penalty. Interest hereon shall accrue from the date hereof at the Bank Prime Rate as quoted from time to time in the Wall Street Journal plus one and one half percent (1.5%) per annum.

In the event that any amount of principal hereof, or (to the extent permitted by applicable law) any interest hereon or any other amount payable hereunder is not paid in full when due (whether as scheduled, on demand, by acceleration or otherwise), Borrower shall pay interest (after as well as before entry of judgment thereon to the extent permitted by law) on such unpaid amount to Lender, from the date such amount becomes due until the date such amount is paid in full, payable on demand of Lender at a rate per annum equal at all times to 12% per annum (the "Default Rate"). Additionally, and without limiting the foregoing, following the occurrence and during the continuance of any Event of Default (as defined below), at the option of Lender, the interest rate shall be the Default Rate. Such interest on overdue amounts shall be payable on demand. All computations of interest shall be made on the basis of a year of 360 days for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable. Each determination by Lender of any applicable rate of interest, and of any change therein, in the absence of manifest error shall be conclusive and binding on the parties hereto.

Payment shall be made in lawful tender of the United States unconditionally in full without set-off, counterclaim or, to the extent permitted by applicable law, other defense, all of which rights of Borrower are hereby expressly waived by Borrower. All payments hereunder shall be made to Lender at Lender's address set forth above (or to such other place as Lender shall designate in a written notice to Borrower), and, unless Borrower has obtained Lender's written consent to another form of payment, such payment shall be made by wire transfer of immediately available funds by no later than 12:00 noon (Boston time) on the due date of the payment, in accordance with Lender's payment instructions.

Whenever any payment hereunder shall be stated to be due, or whenever any interest payment date or any other date specified hereunder would otherwise occur, on a day other than a Business Day (as defined below), then such payment shall be made, and such interest payment date or other date shall occur, on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest hereunder. As used herein, "Business Day" means a day (i) other than Saturday or Sunday, and (ii) on which commercial banks are open for business in Boston, Massachusetts.

Borrower represents and warrants to Lender that:

(i) Organization and Powers. Borrower is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and has all requisite power and authority to own its assets and carry on its business and to execute, deliver and perform its obligations under this Note.

(ii) Authorization; No Conflict. The execution, delivery and performance by Borrower of this Note have been duly authorized by all necessary corporate action of Borrower and do not and will not (A) contravene the terms of the organizational documents of Borrower; or (B) result in a breach of or constitute a default under any material lease, instrument, contract or other agreement to which Borrower is a party or by which it or its properties may be bound or affected; or (C) violate any provision of any law, rule, regulation, order, judgment, decree or the like binding on or affecting Borrower.

(iii) Binding Obligations. This Note constitutes the legal, valid and binding obligation of Borrower, enforceable against Borrower in accordance with its terms.

(iv) Consents. No authorization, consent, approval, license, exemption of, or filing or registration with, any governmental authority or agency, or approval or consent of any other person or entity is required for the due execution, delivery or performance by Borrower of this Note.

If any event listed in Section 8 of the Credit Agreement (each an "Event of Default") shall occur and be continuing, Lender may, by notice to Borrower, declare the entire unpaid principal amount of this Note, all interest accrued and unpaid hereon and all other amounts due hereunder to be forthwith due and payable, whereupon the principal hereof, all such accrued interest and all such other amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by Borrower, provided that if an event described in paragraph (c) above shall occur, the result which would otherwise occur only upon giving of notice by Lender to Borrower as specified above shall occur automatically, without the giving of any such notice.

Borrower agrees to pay on demand the costs and expenses of Lender, and fees and disbursements of counsel, in connection with any Event of Default, the enforcement or attempted enforcement of, and preservation of any rights or interests under, this Note, and any out-of-court workout or other refinancing or restructuring or any bankruptcy or insolvency case or proceeding.

No single or partial exercise of any power under this Note shall preclude any other or further exercise of such power or exercise of any other power. No delay or omission on the part of Lender in exercising any right under this Note shall operate as a waiver of such right or any other right thereunder.

Any notices or other communications required or permitted under this Note shall be sufficiently given if delivered personally, sent by registered or certified mail, postage prepaid, or sent by Federal Express or similar courier service to the other party at its address first set forth above or at such other address as either party may specify by written notice to the other party. Unless otherwise specified herein, such notices or other communications shall be deemed received (a) on the date delivered, if delivered personally; (b) three business days after being sent, if sent by registered or certified mail; or (c) the next business day, if delivered by Federal Express or similar courier service.

This Note shall be binding on Borrower and its successors and assigns, and shall be binding upon and inure to the benefit of Lender, any future holder of this Note and their respective successors and assigns. Borrower may not assign or transfer this Note or any of its obligations hereunder without Lender's prior written consent.

This Note shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts.

Borrower hereby (a) submits to the non-exclusive jurisdiction of the courts of the Commonwealth of Massachusetts and the Federal courts of the United States sitting in the District of Massachusetts (collectively, the "Massachusetts Courts"), for the purpose of any action or proceeding arising out of or relating to this Note, (b) irrevocably waives (to the extent permitted by applicable law) any objection which it now or hereafter may have to the laying of venue of any such action or proceeding brought in

any of the Massachusetts Courts, and any objection on the ground that any such action or proceeding in any Massachusetts Court has been brought in an inconvenient forum, and (c) agrees that (to the extent permitted by applicable law) a final judgment in any such action or proceeding brought in a Massachusetts Court shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner permitted by law.

This Revolving Line of Credit Agreement becomes effective if the following occurs: (1) our registration statement which registers the Michaelson convertible shares does not become effective by December 23, 2014, as required by the Michaelson Senior Convertible Note (the "Note"), (2) Michaelson exercises its right to call the Note upon such event of default and (3) Tecogen has failed to raise at least two million in an offering during 2014.

IN WITNESS WHEREOF, Borrower signing below by its duly authorized legal representative(s) has executed this Note as of the date first above mentioned.

TECOGEN INC.

By: /s/ Bonnie J. Brown_____
Name: Bonnie J. Brown
Title: Chief Financial Officer

JOHN N. HATSOPOULOS

By: /s/ John N. Hatsopoulos___
Name: John N. Hatsopoulos
Title: Chief Executive Officer

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 Amendment No. 3 to the Registration Statement on Form S-1 (333 -193791) of Tecogen Inc. of our report dated March 31, 2014, relating to our audits 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 LLP
McGladrey LLP

Boston, Massachusetts
June 27, 2014