UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2014

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number 001-36103

Tecogen
Advanced Modular CHP Systems

TECOGEN INC.
(Exact name of Registrant as specified in its charter)

Delaware	04-3536131
(State or Other Jurisdiction of Incorporation or Organization)	*(IRS Employer Identification No.)*
45 First Avenue Waltham, Massachusetts	02451
(Address of Principal Executive Offices)	*(Zip Code)*

Registrant's Telephone Number, Including Area Code: (781) 622-1120

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer ☐	Accelerated filer ☐
Non –accelerated filer ☐	Smaller reporting company ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).Yes ☐ No ☒

Title of each class	Outstanding, June 30, 2014
Common Stock, $0.001 par value	15,809,306

TECOGEN INC.

QUARTERLY REPORT ON FORM 10-Q
FOR THE PERIOD ENDED JUNE 30, 2014
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PART I - FINANCIAL INFORMATION

References in this Form 10-Q to "we", "us", "our"', the "Company" and "Tecogen" refers to Tecogen Inc. and its consolidated subsidiary, unless otherwise noted.

PART I - FINANCIAL INFORMATION
Item 1 - Financial Statements

CONSOLIDATED BALANCE SHEETS
As of June 30, 2014 and December 31, 2013

	June 30, 2014	December 31, 2013
ASSETS	*(unaudited)*	*(audited)*
Current assets:		
Cash and cash equivalents	$ 3,377,897	$ 7,713,899
Short-term investments, restricted	584,375	—
Accounts receivable, net	4,418,165	3,740,885
Unbilled revenue	352,161	646,398
Inventory, net	3,887,277	3,343,793
Due from related party	148,830	—
Deferred financing costs	—	140,433
Prepaid and other current assets	453,738	340,013
Total current assets	13,222,443	15,925,421
Property, plant and equipment, net	653,565	638,026
Intangible assets, net	1,026,199	953,327
Goodwill	40,870	40,870
Deferred financing costs	121,970	—
Other assets	49,355	72,425
TOTAL ASSETS	$ 15,114,402	$ 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
Accounts payable	2,453,029	2,338,046
Accrued expenses	1,255,978	1,139,554
Deferred revenue	1,003,673	613,915
Due to related party	—	119,667
Interest payable, related party	—	198,450
Total current liabilities	4,712,680	10,359,632
Long-term liabilities:		
Deferred revenue, net of current portion	264,503	204,544
Senior convertible promissory note, related party	3,000,000	—
Total liabilities	7,977,183	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; 15,809,306 and 15,155,200 issued and outstanding at June 30, 2014 and December 31, 2013, respectively	15,809	15,155
Additional paid-in capital	24,891,504	22,463,996
Accumulated deficit	(17,476,964)	(15,209,212)
Total Tecogen Inc. stockholders' equity	7,430,349	7,269,939
Noncontrolling interest	(293,130)	(204,046)
Total stockholders' equity	7,137,219	7,065,893
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 15,114,402	$ 17,630,069

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

TECOGEN INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
For the three and six months ended June 30, 2014 and 2013
(unaudited)

	Three months ended June 30, 2014	Three months ended June 30, 2013	Six months ended June 30, 2014	Six months ended June 30, 2013
Revenues				
Products	$ 2,007,926	$ 807,854	$ 3,952,702	$ 2,860,519
Services	2,531,931	1,995,606	4,802,912	3,989,259
Total revenues	4,539,857	2,803,460	8,755,614	6,849,778
Cost of sales				
Products	1,587,145	633,272	2,991,584	2,221,940
Services	1,604,039	1,356,315	2,989,131	2,702,001
Total cost of sales	3,191,184	1,989,587	5,980,715	4,923,941
Gross profit	1,348,673	813,873	2,774,899	1,925,837
Operating expenses				
General and administrative	1,911,071	1,419,020	3,673,063	2,965,580
Selling	405,108	286,101	826,728	565,471
Research and development	251,582	260,262	559,716	505,405
Total operating expenses	2,567,761	1,965,383	5,059,507	4,036,456
Loss from operations	(1,219,088)	(1,151,510)	(2,284,608)	(2,110,619)
Other income (expense)				
Interest and other income	15,079	2,591	18,164	6,537
Interest expense	(57,382)	(36,387)	(92,152)	(59,764)
Total other expense	(42,303)	(33,796)	(73,988)	(53,227)
Loss before income taxes	(1,261,391)	(1,185,306)	(2,358,596)	(2,163,846)
Consolidated net loss	(1,261,391)	(1,185,306)	(2,358,596)	(2,163,846)
Less: Loss attributable to the noncontrolling interest	31,684	94,826	90,844	212,973
Net loss attributable to Tecogen Inc.	$ (1,229,707)	$ (1,090,480)	$ (2,267,752)	$ (1,950,873)
Net loss per share - basic and diluted	$ (0.08)	$ (0.08)	$ (0.15)	$ (0.15)
Weighted average shares outstanding - basic and diluted	15,227,089	13,205,476	15,013,824	13,209,165

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

TECOGEN INC.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
For the six months ended June 30, 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
Sale of common stock, net of costs	647	2,344,388			2,345,035
Exercise of stock options	5	5,995	—	—	6,000
Stock based compensation expense	—	70,827	—	1,760	72,587
Net loss	—	—	(2,267,752)	(90,844)	(2,358,596)
Balance at June 30, 2014	$ 15,809	$ 24,891,504	$ (17,476,964)	$ (293,130)	$ 7,137,219

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

TECOGEN INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the six months ended June 30, 2014 and 2013
(unaudited)

	June 30, 2014	June 30, 2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Consolidated net loss	$ (2,358,596)	$ (2,163,846)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	171,967	124,847
Change in provision for allowance on accounts receivable	18,000	(34,700)
Stock-based compensation	72,587	(38,179)
Changes in operating assets and liabilities		
(Increase) decrease in:		
Accounts receivable	(695,280)	833,687
Unbilled revenue	294,237	(107,545)
Inventory, net	(543,483)	(356,646)
Due from related party	(148,830)	55,837
Prepaid expenses and other current assets	(113,725)	(215,032)
Other assets	23,070	(1,000)
Increase (decrease) in:		
Accounts payable	114,983	516,577
Accrued expenses	116,424	206,573
Deferred revenue	449,717	(73,559)
Due to related party	(119,667)	535,729
Interest payable, related party	(198,450)	41,604
Net cash used in operating activities	(2,917,046)	(675,653)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(120,773)	(114,767)
Purchases of intangible assets	(113,699)	(196,257)
Cash paid for asset acquisition	—	(497,800)
Purchases of short-term investments, restricted	(584,375)	(202)
Maturities of short-term investments, restricted	—	182,061
Net cash used in investing activities	(818,847)	(626,965)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments for debt issuance costs	(7,444)	—
Payments made on demand notes payable and line of credit to related party	(2,950,000)	—
Proceeds from sale of common stock and restricted common stock, net	2,351,335	—
Proceeds from the exercise of stock options	6,000	—
Purchase of unvested restricted stock	—	(350)
Net cash used in financing activities	(600,109)	(350)
Net decrease in cash and cash equivalents	(4,336,002)	(1,302,968)
Cash and cash equivalents, beginning of the period	7,713,899	1,572,785
Cash and cash equivalents, end of the period	$ 3,377,897	$ 269,817
Supplemental disclosures of cash flows information:		
Cash paid for interest	$ 263,553	$ 3,836

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. The Company's common stock is listed on the NASDAQ under the ticker symbol TGEN.

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 June 30, 2014, and of operations and cash flows for the interim periods ended June 30, 2014 and 2013. The results of operations for the interim periods ended June 30, 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. Non controlling interest in the accompanying consolidated balance sheets represents the ownership of minority investors 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 six months ended June 30, 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 six months ended June 30, 2014 and 2013, a loss of approximately $217,000 and $300,000 was recorded, respectively. These losses were recorded during the period ended March 31, 2014 and 2013, and have not increased during the current period reported. 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 six months ended June 30, 2014 and 2013, advertising expense was approximately $61,000 and $42,000, respectively. For the three months ended June 30, 2014 and 2013, advertising expense was approximately $13,000 for each period.

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 June 30, 2014, the Company had a balance of $3,684,822 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, restricted

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 and restricted as collateral to the Company's performance bonds.

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 June 30, 2014 and December 31, 2013 the allowance for doubtful accounts was $33,000 and $103,800, respectively. A reduction of $70,800 in the allowance was offset by a reduction of $88,800 in the accounts receivable and an addition of $18,000 to the reserve.

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. At June 30, 2014 and December 31, 2013, inventory reserves were $300,000.

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 in January of 2013, 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 in January of 2013. 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 six 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 June 30, 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. This pledge was renewed on July 22, 2014 and will expire on July 22, 2015.

Financial Instruments

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, 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 short-term nature. At June 30, 2014, the carrying value on the consolidated balance sheet of notes payable and convertible debentures approximates fair value based on current market rates for instruments with similar maturities adjusted for applicable credit risk.

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 six months ended June 30, 2013, amounts received were approximately $67,000, which offset the Company's total research and development expenditures of $327,262. For the six months ended June 30, 2014, no amounts were received from grants and contracts from governmental agencies to offset research and development costs.

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. Prior to May 22, the Company had considered the sale price of common stock in the private placements to unrelated third parties as a measure of the fair value of its common stock. Effective May 22, the Company's common stock is traded on the NASDAQ Exchange, which is now considered the fair value of the Company's 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. (See Note 2 - Loss per common share)

Other Comprehensive Net Loss

The comprehensive net loss for the three and six month periods ended June 30, 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 and six months ended June 30, 2014 and 2013:

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Products				
Cogeneration	$ 1,419,581	$ 457,486	$ 2,573,850	$ 1,735,642
Chiller	588,345	350,368	1,378,852	1,124,877
Total Product Revenue	2,007,926	807,854	3,952,702	2,860,519
Services				
Service contracts	1,921,875	1,848,675	3,694,856	3,596,621
Installations	610,056	146,931	1,108,056	392,638
Total Service Revenue	2,531,931	1,995,606	4,802,912	3,989,259
Total Revenue	$ 4,539,857	$ 2,803,460	$ 8,755,614	$ 6,849,778

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 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. Research and development expense is separated from general and administrative expense in this and prior periods.

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 six months ended June 30, 2014 and 2013, respectively, were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Loss available to stockholders	$ (1,229,707)	$ (1,090,480)	$ (2,267,752)	$ (1,950,873)
Weighted average shares outstanding - Basic and diluted	15,227,089	13,205,476	15,013,824	13,209,165
Basic and diluted loss per share	$ (0.08)	$ (0.08)	$ (0.15)	$ (0.15)
Anti-dilutive shares underlying stock options outstanding	1,233,125	1,095,250	1,233,125	1,095,250
Anti-dilutive convertible debentures	555,556	75,806	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 were initially due six years from issuance date, and then amended to extend maturity to 2011. 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. 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 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. During the quarter ending 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 the Company's 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 $147,577 are being amortized to interest expense over the term of the Note using the effective interest method. At December 31, 2013 and June 30, 2014, 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 reclassified this Note as long term on the accompanying consolidated balance sheet as the event of default related to the registration statement, originally filed on February 6, 2014, became effective on July 2, 2014 and is no longer a risk for event of default.

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 an event of default as described in the Note.

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 by the Board of Directors on January 24, 2014, and approved by written consent of majority of shareholders on June 30, 2014 to increase the reserved shares of common stock issuable under the Plan to 3,838,750 (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 June 30, 2014 was 1,968,558.

Stock option activity for the six months ended June 30, 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	93,325	4.50	4.50	—	—
Exercised	(5,000)	1.20	1.20	—	—
Canceled and forfeited	(3,200)	$1.20-$4.50	1.92	—	—
Expired	—	—	—	—	—
Outstanding, June 30, 2014	1,233,125	$1.20-$4.50	$ 2.31	5.67 years	$ 6,999,956
Exercisable, June 30, 2014	926,125		$ 1.92		$ 5,623,189
Vested and expected to vest, June 30, 2014	1,233,125		$ 2.31		$ 6,999,956

Restricted stock activity for the six months ended June 30, 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, June 30, 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.

Stock option activity relating to Ilios for the six months ended June 30, 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	50,000	0.50	0.50		
Exercised	—	—	—		
Canceled and forfeited	—	—	—		
Expired	—	—	—		
Outstanding, June 30, 2014	625,000	$0.10-$0.50	$ 0.31	6.25 years	$ 120,000
Exercisable, June 30, 2014	181,250		$ 0.50		$ —
Vested and expected to vest, June 30, 2014	625,000		$ 0.31		$ 120,000

Restricted stock activity for the Ilios awards, for the six months ended June 30, 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, June 30, 2014	310,000	$ 0.10

Consolidated stock-based compensation expense for the six months ended June 30, 2014 and 2013 was $72,587 and $(38,131), respectively. At June 30, 2014, the total compensation cost related to unvested restricted stock awards and stock option awards not yet recognized is $242,435. This amount will be recognized over a weighted average period of 1.24 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 June 30, 2014 consist of the following:

Years Ending December 31,		Amount
2014	$	286,868
2015		535,349
2016		485,040
2017		491,920
2018		499,122
2019 and thereafter		2,742,217
Total	$	5,040,516

For the three months ended June 30, 2014 and 2013 rent expense was $106,178 and $127,994, respectively. The Company records rent expense on a straight line basis over the term of the lease. For the six months ended June 30, 2014 and 2013 rent expense was $204,638 and $244,153, respectively.

Letters of Credit

A letter of credit of $583,073, the original value of the short term investment prior to an increase from interest income of $1,302, was outstanding under a revolving bank credit facility needed to collateralize a performance bond on a certain installation project. This revolving bank credit facility expired 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, 2015. In each case, a performance bond has been furnished on projects, and would be drawn upon only in the event that Tecogen fails to complete the project in accordance with the contract.

Note 6 – Related party transactions

The Company has two affiliated companies, namely American DG Energy Inc., or American DG Energy, and EuroSite Power Inc. These companies are affiliates because several of the major stockholders of those companies, have a significant ownership position in the Company. Neither of American DG Energy or EuroSite Power own any shares of the Company, and the Company does not own any shares of American DG Energy or EuroSite Power.

American DG Energy and EuroSite Power 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 19.8% of American DG Energy's common stock; (b) the Chairman of EuroSite Power; (c) a director of Ilios and holds 6.8% of Ilios'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 13.5% of American DG Energy's common stock; (b) an investor in Ilios and holds 2.7% of Ilios' 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 the Board of Directors 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, and (c) 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 and 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 $147,577 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. 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. 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 August 8, 2014 the Company entered into a new agreement with American DG Energy. The agreement is similar to the previous Facilities, Support Services and Business Agreement between the Company and American DG Energy. It was signed for a one year period, beginning on July 1, 2014.

The Company subleases portions of its corporate offices and manufacturing facility to sub-tenants under annual sublease agreements. For the six months ended June 30, 2014 and 2013, the Company received $104,938 and $107,276, respectively, from American DG Energy and other sub-tenants.

The Company's headquarters are located in Waltham, Massachusetts and consist of approximately 43,000 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 six months ended June 30, 2014 and 2013 amounted to $637,059 and $384,415, 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 June 30, 2014 the total amount due from American DG Energy was $148,830, 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 June 30, 2014 the principal balance on this prepayment had a balance of $0.

Note 7 - 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 8 - Intangible assets other than goodwill

As of June 30, 2014 the Company has the following amounts related to intangible assets:

	Product Certifications	Patents	Developed Technology	Total
Balance at December 31, 2013				
Intangible assets	$ 406,705	$ 441,610	240,000	$ 1,088,315
Less - accumulated amortization	(83,405)	(39,583)	(12,000)	(134,988)
	$ 323,300	$ 402,027	$ 228,000	$ 953,327
Balance at June 30, 2014				
Intangible assets	$ 469,343	$ 492,669	240,000	$ 1,202,012
Less - accumulated amortization	(103,785)	(52,028)	(20,000)	$ (175,813)
	$ 365,558	$ 440,641	$ 220,000	$ 1,026,199

The aggregate amortization expense of the Company's intangible assets for the three months ended June 30, 2014 and 2013 was $20,853 and $14,487, respectively. The aggregate amortization expense of the Company's intangible assets for the six months ended June 30, 2014 and 2013 was $40,825 and $24,247, respectively.

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

2014	$	43,055
2015		133,744
2016		133,744
2017		133,744
2018		127,547
Thereafter		454,365
Total amortization expense	$	1,026,199

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 9 – Subsequent events

On August 8, 2014, the Company entered into a new agreement with American DG Energy. The agreement is similar to the previous Facilities, Support Services and Business Agreement between the Company and American DG Energy. It was signed for a one year period, beginning on July 1, 2014.

On August 12, 2014, the Company entered into a three year lease with Kavenor Big & Tall King of Valley Stream LLC for the Company's new service center in Valley Stream, New York to better serve the growing installation base in Brooklyn, Queens, and Long Island, New York.

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.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-looking statements are made throughout this Management’s Discussion and Analysis of Financial Condition and Results of Operations. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, the words “believes,” “anticipates,” “plans,” “expects,” “seeks,” “estimates” and similar expressions are intended to identify forward-looking statements. Such forward-looking statements include, among other things, statements regarding our current and future cash requirements, our expectations regarding suppliers of cogeneration units, and statements regarding potential financing activities in the future. While the Company may elect to update forward-looking statements in the future, it specifically disclaims any obligation to do so, even if the Company’s estimates change, and readers should not rely on those forward-looking statements as representing the Company’s views as of any date subsequent to the date of the filing of this Quarterly Report. There are a number of important factors that could cause the actual results of the Company to differ materially from those indicated by such forward-looking statements, including those detailed under the heading “Risk Factors” in this Quarterly Report.

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. 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, which we refer to as "turnkey" projects. Cogeneration systems are efficient because in addition to supplying mechanical energy to power electric generators or compressors – displacing utility supplied electricity – they provide 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).

Results of Operations

Revenues

Revenues in the second quarter of 2014 were $4,539,857 compared to $2,803,460 for the same period in 2013, an increase of $1,736,397 or 61.9%. Product revenues in the second quarter of 2014 were $2,007,926 compared to $807,854 for the same period in 2013, an increase of $1,200,072 or 149%. This increase was the aggregate of an increase in cogeneration sales of $962,095 and an increase in chiller sales of $237,977. Service revenues in the second quarter of 2014 were $2,531,931 compared to $1,995,606 for the same period in 2013, an increase of $536,325 or 27%. This increase is due to an increase in installation activity of $463,125 and an increase of $73,200 by the service group.

Revenues in the first six months of 2014 were $8,755,614 compared to $6,849,778 for the same period in 2013, an increase of $1,905,836 or 27.8%. Product revenues in the first six months of 2014 were $3,952,702 compared to $2,860,519 for the same period in 2013, an increase of $1,092,183 or 38.2%. This increase was the aggregate of an increase in cogeneration sales of $838,208 and an increase in chiller sales of $253,975. Service revenues in the first six months of 2014 were $4,802,912 compared to $3,989,259 for the same period in 2013, an increase of $813,653 or 20.4%. This increase is due to an increase in installation activity of $715,418 and an increase of $98,235 by the service group.

Cost of Sales

Cost of sales in the second quarter of 2014 was $3,191,184 compared to $1,989,587 for the same period in 2013 an increase of $1,201,597, or 60.4%. During the second quarter of 2014 our overall gross profit margin was 29.7% compared to 29.0% for the same period in 2013, an increase of 0.7%. The growth in sales volume and the increasing number of turnkey projects have continued to improve gross margins.

Cost of sales in the first six months of 2014 was $5,980,715 compared to $4,923,941 for the same period in 2013 an increase of $1,056,774, or 21.5%. During the first six months of 2014 our overall gross profit margin was 31.7% compared to 28.1% for the same period in 2013, an increase of 3.6%. The growth in sales volume and the increasing number of turnkey projects have continued to improve gross margins.

Contract Research and Development

There was no contract research and development income for the three months ended and six months ended June 30, 2014 and three months ended June 30, 2013. For the six months ended June 30, 2013 there was $67,000, which is classified as an offset to applicable expenses.

Operating Expenses

General and administrative expenses consist of executive staff, accounting and legal expenses, office space, general insurance and other administrative expenses. General and administrative expenses in the second quarter ending June 30, 2014 were $1,911,071 compared to $1,419,020 for the same period in 2013, an increase of $492,051 or 34.7%. This increase was due to an overall increase in costs attributable to expenses related to the transition to becoming a public company. These items include larger administrative staff, listing fees, higher insurance expense and technology. General and administrative expenses in the first six months of 2014 were $3,673,063 compared to $2,965,580 for the same period in 2013, an increase of $707,483 or 23.9%. This increase was due to an overall increase in costs attributable to expenses related to the transition to becoming a public company. These items include larger administrative staff, listing fees, higher insurance expense and technology.

Selling expenses consist of sales staff, commissions, marketing, travel and other selling related expenses. Selling expenses for the second quarter of 2014 were $405,108 compared to $286,101 for the same period in 2013, an increase of $119,007 or 41.6%. A large portion of this increase is due to higher commissions in this period due to the higher sales. Selling expenses for the first six months of 2014 were $826,728 compared to $565,471 for the same period in 2013, an increase of $261,257 or 46.2%. The largest portion of this increase is due to higher commissions in this period due to higher sales.

Research and development expenses consist of engineering and technical staff, materials, outside consulting and other related expenses. Research and development expenses in the second quarter ending June 30, 2014 were $251,582 compared to $260,262 for the same period in 2013, a decrease of $8,680 or 3.3%. This decrease was due to completion of the heat pump development project as the program migrated to production. Current projects include the emissions control retrofits utilizing the Company's patents and an InVerde product improvement programs. Research and development expenses for the first six months of 2014 were $559,716 compared to $505,405 for the same period in 2013, an increase of $54,311 or 3.3%. This increase was due to the timing of the beginning and completion of projects. Current projects include development projects in emissions controls and the InVerde product line.

Loss from Operations

Loss from operations for the second quarter of 2014 was $1,219,088 compared to $1,151,510 for the same period in 2013, an increase of $67,578. The increase in the loss was due to the growth in operating expenses offset by the increase in revenue and gross profit discussed above.

Loss from operations for the first six months of 2014 was $2,284,608 compared to $2,110,619 for the same period in 2013, an increase of $173,989. 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 June 30, 2014 was $42,303 compared to $33,796 for the same period in 2013. Other income (expense) includes interest income and other income of $15,079, net of interest expense on notes payable of $57,382 for the second quarter of 2014. For the same period in 2013, interest and other income was $2,591 and interest expense was $36,387. The increase in interest income of $12,488 is the result of short-term investments held during the second quarter of 2014 that were not held during the second quarter of 2013. The increase in interest expense of $20,995 was mainly due to the increase in note payable balances carried during the three months ended June 30, 2014 as compared to the same period in 2013.

Other expense, net for the six months ended June 30, 2014 was $73,988 compared to $53,227 for the same period in 2013. Other income (expense) includes interest income and other income of $18,164, net of interest expense on notes payable of $92,152 for the first six months of 2014. For the same period in 2013, interest and other income was $6,537 and interest expense was $59,764. The increase in interest income of $11,627 is the result of short-term investments held during the first six months of 2014 that were not held during the first six months of 2014. The increase in interest expense of $32,388 was mainly due to the increase in note payable balances carried during the first six months of 2014 as compared to the first six months of 2013.

Provision for Income Taxes

The Company did not record any benefit or provision for income taxes for the three or six months ended June 30, 2014 and 2013, respectively. As of June 30, 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 $31,684 for the three months ended June 30, 2014 compared to $94,826 for the same period in 2013, a decrease of $63,142 or 66.6%. The decrease was due to a decrease in the Ilios loss in the second quarter of 2014 as compared to the same period in 2013. Noncontrolling interest ownership percentage as of June 30, 2014 and 2013 was unchanged at 35.0% for both periods.

The noncontrolling interest share in the losses of Ilios was $90,844 for the six months ended June 30, 2014 compared to $212,973 for the same period in 2013, a decrease of $122,129 or 57.3%. The decrease was due to a decrease in the Ilios loss in the first six months of 2014 as compared to the same period in 2013. Noncontrolling interest ownership percentage as of June 30, 2014 and 2013 was unchanged at 35.0% for both periods.

Net loss

Net loss attributable to Tecogen for the three months ended June 30, 2014 was $1,229,707 compared to $1,090,480 for the same period in 2013, an increase of $139,227. The increase in net loss was the result of the increase in gross profit not offsetting the increase in operating expenses as described above.

Net loss attributable to Tecogen for the six months ended June 30, 2014 was $2,267,752 compared to $1,950,873 for the same period in 2013, an increase of $316,879. The increase in net loss was the result of the increase in gross profit not offsetting the increase in operating expenses as described above.

Liquidity and Capital Resources

Consolidated working capital at June 30, 2014 was $8,509,763 compared to $5,565,789 at December 31, 2013, an increase of $2,943,974. Included in working capital were cash and cash equivalents of $3,377,897 and $584,375 in short-term investments at June 30, 2014, compared to $7,713,899 in cash and cash equivalents at December 31, 2013, a decrease of $3,751,627. 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 six months ended June 30, 2014 was $2,917,046 compared to $675,653 for the same period in 2013. Our accounts receivable balance increased to $4,418,165 at June 30, 2014 compared to $3,740,885 at December 31, 2013, using $677,280 of cash due to timing of billing, shipments, collections and changes in allowance. In addition, amounts due from related parties increased by $148,830 using cash due to timing of billing, shipments and collections. Our inventory increased to $3,887,277 as of June 30, 2014 compared to $3,343,793 as of December 31, 2013, using $543,484 of cash to purchase inventory to build modules in backlog and to support ongoing turnkey projects.

As of June 30, 2014, the Company's backlog of product and installation projects (and excluding service contracts) was $11.7 million, consisting of $6 million of purchase orders actually received by us and $5.7 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 increased to $2,453,029 as of June 30, 2014 from $2,338,046 at December 31, 2013, providing $114,983 in cash flow for operations. Accrued expenses increased to $1,255,978 as of June 30, 2014 from $1,139,554 as of December 31, 2013, providing $116,424 of cash for operations. The Company expects accounts payable and accrued expenses to increase into the foreseeable future as operations continue to expand.

During the first six months of 2014 our investing activities used $818,847 of cash and included purchases of short-term investments of $584,375 to support performance bonds, purchases of property and equipment of $120,773 and expenditures related to intangible assets of $113,699.

During the first six 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 $2,351,335 and proceeds from the exercise of stock options of $6,000. The proceeds were used for general corporate purposes, including research and development.

At June 30, 2014 our commitments included various leases for office and warehouse facilities of $4,753,648 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 June 30, 2014 the outstanding balance on this prepayment was $0 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.

During 2013, the Company entered into multiple demand notes, with John N. Hatsopoulos, our Chief Executive Officer. These agreements totaled a principal balance of $2,950,000 and had interest rates as quoted from time to time in the Wall Street Journal plus 1.5% per year and 6%. On January 6, 2014, the Company repaid all demand note owed to its Chief Executive Officer, including accrued interest of $200,658.

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. On July 2, 2014, the date of effectiveness of the registration statement, along with the May 20, 2014 sale of common stock with gross proceeds in excess of $2,000,000, the line of credit triggers were fulfilled, and the working capital line of credit will not be drawn upon before its expiration without a separate event of default as described in the Michaelson Note.

On May 20, 2014, the Company sold 647,706 shares at $4.75 in a public offering while simultaneously listing on the NASDAQ under the ticker symbol TGEN. Total gross proceeds from the offering were approximately $3.0 million, before the placement agent’s fees $207,670 and certain offering expenses of $523,898. The net proceeds of the offering will be used for working capital and general corporate purposes, including expanding Tecogen’s turnkey business, constructing a dedicated manufacturing facility for Tecogen’s majority owned subsidiary, Ilios Inc., expanding Tecogen’s low emissions technology to other markets and continuing product development.

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.

Significant Accounting Policies and Critical Estimates

The Company’s significant accounting policies are discussed in the Notes to the Condensed Consolidated Financial Statements above and in our 2013 Annual Report. The accounting policies and estimates that can have a significant impact upon the operating results, financial position and footnote disclosures of the Company are described in the above notes and in our Annual Report.

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. We do not have any other off-balance sheet arrangements, including any outstanding derivative financial instruments, off-balance sheet guarantees, interest rate swap transactions or foreign currency contracts. We do not engage in trading activities involving non-exchange traded contracts.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

Item 4. Controls and Procedures.

Management's Evaluation of Disclosure Controls and Procedures:

Our disclosure controls and procedures are designed to provide reasonable assurance that the control system's objectives will be met. Our management, including our Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report, or the Evaluation Date, have concluded that as of the Evaluation Date, our disclosure controls and procedures were not effective due to material weaknesses in financial reporting relating to lack of personnel with a sufficient level of accounting knowledge and a small number of employees dealing with general controls over information technology. At the present time, our management has decided that, considering the employees involved and the control procedures in place, there are risks associated with the above, but the potential benefits of adding additional employees to mitigate these weaknesses do not justify the expenses associated with such increases. Management will continue to evaluate the above weaknesses, and as the Company grows and resources become available, the Company plans to take the necessary steps in the future to remediate the weaknesses.

For these purposes, the term disclosure controls and procedures of an issuer means controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Report of Management on Internal Control over Financial Reporting:

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting in accordance with the Exchange Act. Management, including our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of our internal control over financial reporting based on the framework and criteria established in Internal Control—Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission. This evaluation included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion of this evaluation. Based on this evaluation, management concluded that the Company's internal control over financial reporting was not effective as of June 30, 2014.

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 accepted 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. At this time, management has decided that considering the employees involved and the control procedures in place, there are risks associated with the above, but the potential benefits of adding additional employees to mitigate these weaknesses, does not justify the expenses associated with such increases. Management will continue to evaluate the above weaknesses.

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our Disclosure Controls or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of a simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

In connection with the evaluation referred to in the foregoing paragraph, we will make changes in our internal controls over financial reporting as soon as the resources become available. As of June 30, 2014, no changes have been made to the Company's process.

PART II - OTHER INFORMATION

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

As previously disclosed, from October 16, 2013 to January 17, 2014, the Company raised an aggregate of $6,651,844 in a private placement of 1,478,189 shares of Common Stock at a price of $4.50 per share. The private placement was exempt from registration under Section 4(a)(2) of the Securities Act and/or under Rule 506 of Regulation D. The proceeds were used for general corporate purposes.

Item 5. Other Information

On August 8, 2014, the Company entered into a new Facilities, Support Services and Business Agreement (the “Agreement”) with Tecogen Inc. (“Tecogen”). The Agreement between the Company and Tecogen provides the Company with, among other things; (1) certain office space; (2) certain business support services; (3) certain rights to purchase Cogeneration products directly from Tecogen at a discounted price; (4) certain rights to purchase Tecogen services at a discounted price; (5) certain rights that allow the Company to purchase Tecogen products from Tecogen’s sales representatives; and (6) the right to certain royalty fees. The Agreement was effective July 1, 2014 and shall expire on July 1, 2015. It is renewable upon mutual written consent.

Item 6. Exhibits

Exhibit No.	Description of Exhibit
3.1	Amended and Restated Certificate of Incorporation [a]
3.2	Amended and Restated Bylaws [a]
4.1	Specimen Stock Certificate of Tecogen, Inc. [a]
4.2	Form of Restricted Stock Purchase Agreement [b]
4.3	Form of Stock Option Agreement [a]
4.4	Indenture and Form of 6% Convertible Debenture Due 2004, dated September 24, 2001 [b]
10.1***	2006 Stock Incentive Plan, as amended and restated on June 30, 2014
10.3	Facilities and Support Services Agreement between American DG Energy Inc. and Tecogen Inc., dated July 1, 2012 [a]
10.4	First Amendment to the Facilities, Support Services, and Business Agreement between American DG Energy Inc. and Tecogen Inc., dated July 1, 2013 [a]
10.5	Second Amendment to the Facilities, Support Services, and Business Agreement between American DG Energy Inc. and Tecogen Inc., dated November 12, 2013 [a]
10.7	Lease Agreement between Atlantic-Waltham Investment II, LLC, and Tecogen Inc., dated May 18, 2008[a]
10.8	Second Amendment to Lease between Atlantic-Waltham Investment II, LLC, and Tecogen Inc., dated Jan 16, 2013[a]
10.12	Asset Purchase Agreement with Danotek, LLC, dated January 8, 2013 [a]
10.13	Exclusive License Agreement with the Wisconsin Alumni Research Foundation, dated February 5, 2007 [a]
10.21	Senior Convertible Promissory Note, dated December 23, 2013, by Tecogen Inc. in favor of Michaelson Capital Special Finance Fund LP. [a]
10.22	Collective Bargaining Agreement, dated February 25, 2014, between Tecogen Inc. and International Union of Operating Engineers, Local 68, 68A, 68B [a]
10.23	Revolving Line of Credit Agreement between Tecogen Inc. and John N. Hatsopoulos, dated March 26, 2014. [a]
10.24*	Facilities and Support Services Agreement between American DG Energy Inc. and Tecogen Inc., dated August 8, 2014.
21.1	List of subsidiaries [a]
31.1*	Rule 13a-14(a) Certification of Chief Executive Officer
31.2*	Rule 13a-14(a) Certification of Chief Financial Officer
32.1*	Section 1350 Certifications of Chief Executive Officer and Chief Financial Officer

101.INS** XBRL Instance Document
101.SCH** XBRL Taxonomy Extension Schema
100.CAL** XBRL Taxonomy Extension Calculation Linkbase
100.DEF** XBRL Taxonomy Extension Definition Linkbase
101.LAB** XBRL Taxonomy Extension Label Linkbase
101.PRE** XBRL Taxonomy Extension Presentation Linkbase

* Filed herewith
** Furnished herewith
*** Compensatory plan or arrangement

[a] incorporated by reference from the Company's Registration Statement on Form S-1, as amended, originally filed with the SEC on February 6, 2014 (Registration No. 333-193791), amendment No. 3 was filed on June 27, 2014 and went effective July 2, 2014.

[b] incorporated by reference from the Company's Registration Statement on Form S-1, as amended, originally filed with the SEC on December 22, 2011 (Registration No. 333-178697).

TECOGEN INC.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, on August 14, 2014.

TECOGEN INC.
(Registrant)

By: /s/ John N. Hatsopoulos
Chief Executive Officer
(Principal Executive Officer)

By: /s/ Bonnie J. Brown
Chief Financial Officer, Treasurer and Secretary
(Principal Financial and Accounting Officer)

Exhibit 10.1

TECOGEN INC.
2006 STOCK INCENTIVE PLAN
(As Amended and Restated on June 30, 2014)

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. Administration of the Plan

   a. *Board or Committee Administration.* This Plan shall be administered by the Board of Directors of the Company (the "Board"). The Board may appoint a Compensation Committee or Human Resources Committee (as the case may be, the "Committee") of two (2) or more of its members to administer this Plan and to grant Stock Rights hereunder, provided such Committee is delegated such powers in accordance with applicable state law. (All references in this Plan to the "Committee" shall mean the Board if no such Compensation Committee or Stock Incentive Plan Committee has been so appointed). If the Company or any Related Corporation registers any class of any equity security pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), this Plan shall be administered in accordance with the applicable rules set forth in Rule 16b-3 or any successor provisions of the Exchange Act ("Rule 16b-3"). From and after the date the Company becomes subject to Section 162(m) of the Code with respect to compensation earned under this Plan, each member of the Committee shall also be an "outside director" within the meaning of Section 162(m) of the Code and the regulations promulgated thereunder.

   b. *Authority of Board or Committee.* Subject to the terms of this Plan, the Committee shall have the authority to: (i) determine the employees of the Company and any Related Corporation (from among the class of employees eligible under paragraph 3 to receive ISOs) to whom ISOs may be granted, and to determine (from among the class of individuals and entities eligible under paragraph 3 to receive Non-Qualified Options and Awards and to make Restricted Stock Purchases) to whom Non-Qualified Options, Awards and authorizations to make Restricted Stock Purchases may be granted; (ii) determine the time or times at which Options or Awards may be granted or Restricted Stock Purchases made; (iii) determine the exercise price of shares subject to each Option, which price shall not be less than the minimum price specified in paragraph 6, and the purchase price of shares subject to each Restricted Stock Purchase; (iv) determine whether each Option granted shall be an ISO or a Non-Qualified Option; (v) determine (subject to paragraph 8) the time or times when or what conditions must be satisfied before each Option shall become exercisable and the duration of the exercise period; (vi) determine whether restrictions such as transfer restrictions, repurchase options and "drag along" rights and rights of first refusal are to be imposed on shares subject to Options, Awards and Restricted Stock Purchases and the nature of such restrictions, if any; (vii) impose such other terms and conditions with respect to capital stock issued pursuant to Stock Rights not inconsistent with the terms of this Plan as it deems necessary or desirable; and (viii) interpret the Plan and prescribe and rescind rules and regulations relating to it.

   If the Committee determines to issue a Non-Qualified Option, the Committee shall take whatever actions it deems necessary, under the Code and the regulations promulgated thereunder, to ensure that such Option is not treated as an ISO. The interpretation and construction by the Committee of any provisions of the Plan or of any Stock Right granted under it shall be final unless otherwise determined by the Board. The Committee may from time to time adopt such rules and regulations for carrying out the Plan as it may deem best. No member of the Board or the Committee shall be liable for any action or determination made in good faith with respect to the Plan or any Stock Right granted under it.

c. *Delegation of Authority to Grant Awards to Officer.* Without limiting the foregoing, the Board, in its discretion, may also delegate to a single officer of the Company who is a member of the Board (to the extent consistent with state law) all or part of the Board's or Committee's authority and duties with respect to the granting of Stock Rights to individuals who are not subject to the reporting and other provisions of Section 16 of the Exchange Act or "covered employees" within the meaning of Section 162(m) of the Code, subject to such limitations as the Board or the Committee deems appropriate, including without limitation as to the amount of Stock Rights that may be granted during the period of delegation, and guidelines as to the determination of the exercise price of any Option, the purchase price of other Stock Rights and the setting of vesting schedules or criteria. Such officer (the "Delegated Officer") shall act as a one member committee of the Board, and shall in any event be subject to the same limitations as are applicable to the Committee. References to the Committee in this Plan shall also include the Delegated Officer, but only to the extent consistent with the authorities and duties delegated to the Delegated Officer by the Board. The Board may revoke or amend the terms of a delegation at any time but such action shall not invalidate any prior actions of the Delegated Officer that were consistent with the terms of this Plan.

d. *Committee Actions.* The Committee may select one of its members as its chairman and shall hold meetings at such time and places as it may determine. Acts by a majority of the Committee, acting at a meeting (whether held in person or by teleconference), or acts reduced to or approved in writing by all of the members of the Committee, shall be the valid acts of the Committee. From time to time the Board may increase the size of the Committee and appoint additional members thereof, remove members (with or without cause) and appoint new members in substitution therefor, fill vacancies however caused, or remove all members of the Committee and thereafter directly administer this Plan, subject to compliance with paragraph 2(a).

e. *Grant of Stock Rights to Board Members.* Stock Rights may be granted to members of the Board, subject to compliance with Rule 16b-3 when required by paragraph 2(a). All grants of Stock Rights to members of the Board shall in all respects be made in accordance with the provisions of this Plan applicable to other eligible persons.

3. <u>Eligible Employees and Others.</u> 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. <u>Stock.</u> 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 3,838,750 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. <u>Granting of Stock Rights.</u> 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. <u>Minimum Option Price; ISO Limitations</u>

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. <u>Option Duration.</u> 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. <u>Exercise of Options.</u> 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. <u>Termination of Employment.</u> 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.

FACILITIES, SUPPORT SERVICES, and BUSINESS AGREEMENT

August 8, 2014

This FACILITIES AND SUPPORT SERVICES AGREEMENT is effective as of July 1, 2014 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 this agreement supersedes all similar agreements and amendments with the terms 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 July 1, 2014; through the Termination Date (as such term is defined in Section 2 below):

(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 the Office Space Flat Rate per month through December 31, 2015. The Office Space Flat Rate is defined in Exhibit A. 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 IT support, and other agreed upon services 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 the Applicable Salary Rate in Exhibit A 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 its 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 Price as defined in Exhibit A. 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. However, due to responsibilities imposed on CHP equipment manufacturers for projects benefiting from NYSERDA PON 2568, an extra NYSERDA Fee shall apply for project review and monitoring services required of Tecogen by NYSERDA. The NYSERDA Fee is defined in Exhibit A.

(e) **Spares Pricing:** Spare parts shall be sold at our Best Contractor/Dealer Spare Parts Discount as defined in Exhibit A.

(f) **Volume Discounts:** Upon achieving $1M in total sales under the terms included in this agreement for a single calendar year (combined parts and units) all parts and modules thereafter shall be supplied in accordance with the Volume Discount defined in Exhibit A.

(g) **Representation:** In the New England States and countries of the European Union, ADG Energy shall have the right to purchase Cogeneration and chiller products directly from Tecogen as described in the agreement so long as the ADG 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's "Onsite" energy projects). In cases where Tecogen has the opportunity to sell products to parties other than ADG Energy, for which the intended use is to earn revenue from metered energy to third parties , Tecogen shall pay a Location Royalty to ADG Energy as defined in Exhibit A. In cases where ADG Energy has the opportunity to sell Cogeneration products to an unaffiliated party in the New England States or the European Union 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 region or for that specific project, ADG Energy will defer to the local representative for pricing and other specific details for working cooperatively.

Representation rights may be terminated by either party upon 60 days' notice, without cause.

(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 are defined in Exhibit A.

(j) **Service Commission:** ADG Energy shall receive Service Commissions as defined in and in accordance with Exhibit A.

(k) **Billable Service:** Billable Services provided by Tecogen shall be billed as defined in and in accordance with Exhibit A.

(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.

1. <u>**Term**</u>

The term of this agreement commenced as of the effective date for one year, renewable annually upon mutual written agreement.

3. <u>Representations and warranties of Tecogen</u>

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.

1. **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.

2. **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

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 John Hatsopoulos (The CEO of Tecogen and ADG Energy, as well board member of both companies) and Charles Maxwell (likewise Tecogen board member and chairman of the board of directors for ADG Energy). Hereby referred to as "the process".

The parties covenant and agree that they will participate in the process in good faith and that they will share equally its costs, except as otherwise provided herein. The arbitrator(s) may in their discretion assess costs and expenses against any party to a proceeding. Each of the parties hereto irrevocably and unconditionally consents to the exclusive use of the process described above 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) of this Agreement.

(a) **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. This agreement will terminate in the event of a change in control as the result of a merger, consolidation, or change in the Chief Executive Officer of either organization.

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, 2014

TECOGEN INC.	AMERICAN DG ENERGY INC.
By: /s/ Robert A. Panora	By: /s/ Gabriel Parmese
Name: Robert A. Panora	Name: Gabriel Parmese
Title: Chief Operating Officer	Title: Chief Financial Officer

EXHIBIT 31.1

TECOGEN INC.
CERTIFICATION REQUIRED BY EXCHANGE ACT RULES 13a-14(a) and 15d-14(a),
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, John N. Hatsopoulos, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Tecogen Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. [Paragraph omitted in accordance with Exchange Act Rule 13a-14(a)];

    c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting.

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 14, 2014

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

EXHIBIT 31.2

TECOGEN INC.
CERTIFICATION REQUIRED BY EXCHANGE ACT RULES 13a-14(a) and 15d-14(a),
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Bonnie J. Brown, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Tecogen Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. [Paragraph omitted in accordance with Exchange Act Rule 13a-14(a)];

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2014

/s/ Bonnie J. Brown
Bonnie J. Brown
Chief Financial Officer, Secretary and Treasurer

EXHIBIT 32.1

TECOGEN INC.
CERTIFICATION REQUIRED BY EXCHANGE ACT RULES 13a-14(b) and 15d-14(b),
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Each of, John N. Hatsopoulos, Chief Executive Officer, and Bonnie J. Brown, Chief Financial Officer, of Tecogen Inc., or the Company, certify, pursuant to Section 1350, Chapter 63 of Title 18, United States Code that, to his knowledge:

1. The Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2014 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78 m or 78o(d)); and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 14, 2014

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

/s/ Bonnie J. Brown
Bonnie J. Brown
Chief Financial Officer, Secretary and Treasurer