

AMERICAN DG ENERGY INC.

Compensation Committee Charter

Amended and Restated July 1, 2013

Purpose

The purpose of the Compensation Committee is to assist the Board of Directors (the “Board”) in the discharge of its responsibilities relating to compensation of the Company’s executive officers.

Structure and Membership

Number. The Compensation Committee shall consist of at least two members of the Board of Directors.

Independence. Except as otherwise permitted by the rules of the NYSE MKT, or any other national securities exchange on which the Company’s securities are listed, each member of the Compensation Committee shall be an “independent director” as defined by such rules and the provisions of Rule 10C-1(b)(1) under Securities Exchange Act of 1934, as amended (the “Exchange Act”).

Chair. Unless the Board of Directors elects a Chair of the Compensation Committee, the Compensation Committee shall elect a Chair by majority vote.

Compensation. The compensation of Compensation Committee members shall be as determined by the Board of Directors.

Selection and Removal. Members of the Compensation Committee shall be appointed by the Board of Directors. The Board of Directors may remove members of the Compensation Committee from such committee, with or without cause.

Authority and Responsibilities

General

The Compensation Committee shall discharge its responsibilities, and shall assess the information provided by the Company’s management, in accordance with its business judgment.

Compensation Matters

Executive Officer Compensation. The Compensation Committee shall review and approve, or recommend for approval by the Board of Directors, the compensation of the Company’s Chief Executive Officer and the Company’s other executive officers, including salary, bonus and incentive compensation levels; deferred compensation; executive perquisites; equity compensation (including awards to induce employment);

severance arrangements; change-in-control benefits and other forms of executive officer compensation. The Compensation Committee or the independent directors, as the case may be, shall meet without the presence of executive officers when approving or deliberating on Chief Executive Officer compensation but may, in its or their discretion, invite the Chief Executive Officer to be present during the approval of, or deliberations with respect to, other executive officer compensation.

Plan Recommendations and Approvals. The Compensation Committee shall periodically review and make recommendations to the Board of Directors with respect to incentive-compensation plans and equity-based plans. In addition, in the case of any tax-qualified, non-discriminatory employee benefit plans (and any parallel nonqualified plans) for which stockholder approval is not sought and pursuant to which options or stock may be acquired by officers, directors, employees or consultants of the Company, the Compensation Committee shall approve such plans.

Administration of Plans. The Compensation Committee shall exercise all rights, authority and functions of the Board of Directors under all of the Company's stock option, stock incentive, employee stock purchase and other equity-based plans, including the authority to interpret the terms thereof, to grant options thereunder and to make stock awards thereunder; provided, however, that, except as otherwise expressly authorized to do so by this Charter or a plan or resolution of the Board of Directors, the Compensation Committee shall not be authorized to amend any such plan. To the extent permitted by applicable law and the provisions of a given equity-based plan, and consistent with the requirements of applicable law and such equity-based plan, the Compensation Committee may delegate to one or more executive officers of the Company the power to grant options or other stock awards pursuant to such equity-based plan to employees of the Company or any subsidiary of the Company who are not directors or executive officers of the Company.

Director Compensation. The Compensation Committee shall periodically review and make recommendations to the Board of Directors with respect to director compensation.

Compensation Committee Report on Executive Compensation. The Compensation Committee shall prepare for inclusion where necessary in a proxy or information statement of the Company relating to an annual meeting of security holders at which directors are to be elected (or special meeting or written consents in lieu of such meeting), the report described in Item 402(k) of Regulation S-K promulgated by the Securities and Exchange Commission.

Compensation Committee Report on Repricing of Options/SARs. If during the last fiscal year of the Company (while the Company was a reporting company pursuant to Section 13(a) or 15(d) of the Exchange Act and the rules and regulations thereunder) any adjustment or amendment was made to the exercise price of any stock option or stock appreciation right previously awarded to a "named executive officer" (as such term is defined from time to time in Item 402(a)(3) of Regulation S-K), the Compensation Committee shall furnish the report required by Item 402(i) of Regulation S-K.

Additional Powers. The Compensation Committee shall have such other duties as may be delegated from time to time by the Board of Directors.

Procedures and Administration

Meetings. The Compensation Committee shall meet as often as it deems necessary in order to perform its responsibilities. The Compensation Committee may also act by unanimous written consent in lieu of a meeting. The Compensation Committee shall keep such records of its meetings as it shall deem appropriate.

Subcommittees. The Compensation Committee may form and delegate authority to one or more subcommittees as it deems appropriate from time to time under the circumstances, including (a) a subcommittee consisting of a single member and (b) a subcommittee consisting of at least two members, each of whom qualifies as a “non-employee director,” as such term is defined from time to time in Rule 16b-3 promulgated under the Exchange Act, and as an “outside director,” as such term is defined from time to time in Section 162(m) of the Internal Revenue Code of 1986 and the rules and regulations thereunder.

Reports to Board. The Compensation Committee shall report regularly to the Board of Directors.

Charter. The Compensation Committee shall, from time to time as it deems appropriate, review and reassess the adequacy of this Charter and recommend any proposed changes to the Board of Directors for approval.

Consulting Arrangements. The Compensation Committee shall have the authority to, in its sole discretion, retain and terminate any compensation consultant to be used to assist in the evaluation of executive officer compensation. The Compensation Committee shall set the compensation, and oversee the work, of the compensation consultant. The Compensation Committee shall also have authority to commission compensation surveys or studies as the need arises. The Compensation Committee shall receive appropriate funding from the Company, as determined by the Compensation Committee in its capacity as a committee of the Board, for the payment of compensation to its compensation consultants. However, the Compensation Committee shall not be required to implement or act consistently with the advice or recommendations of its compensation consultant, and the authority granted in this Charter shall not affect the ability or obligation of the Compensation Committee to exercise its own judgment in fulfillment of its duties under this Charter.

Independent Advisors. The Compensation Committee shall have the authority, in its sole discretion, to engage such independent legal, accounting and other advisors as it deems necessary or appropriate to carry out its responsibilities. Such independent advisors may be the regular advisors to the Company. The Compensation Committee shall set the compensation, and oversee the work, of such independent advisors. The Compensation Committee shall receive appropriate funding from the Company, as determined by the Compensation Committee in its capacity as a committee of the Board, for the payment of

compensation to its outside legal counsel and any other advisors. However, the Compensation Committee shall not be required to implement or act consistently with the advice or recommendations of its legal counsel or other advisors, and the authority granted in this Charter shall not affect the ability or obligation of the Compensation Committee to exercise its own judgment in fulfillment of its duties under this Charter.

Independence of Advisors and Consultants. In retaining or seeking advice from compensation consultants, outside counsel and other advisors (other than the Company's in-house counsel), the Compensation Committee must take into consideration the factors specified in Section 805(c)(4) of the NYSE MKT Company Guide. The Compensation Committee may retain, or receive advice from, any compensation advisor they prefer, including ones that are not independent, after considering the specified factors. The Compensation Committee is not required to assess the independence of any compensation consultant or other advisor that acts in a role limited to consulting on any broad-based plan that does not discriminate in scope, terms or operation in favor of executive officers or directors and that is generally available to all salaried employees or providing information that is not customized for a particular company or that is customized based on parameters that are not developed by the consultant or advisor, and about which the consultant or advisor does not provide advice.

Investigations. The Compensation Committee shall have the authority to conduct or authorize investigations into any matters within the scope of its responsibilities as it shall deem appropriate, including the authority to request any officer, employee or advisor of the Company to meet with the Compensation Committee or any advisors engaged by the Compensation Committee.

Funding. The Compensation Committee is empowered, without further action by the Board of Directors, to cause the Company to pay the ordinary administrative expenses of the Compensation Committee that are necessary or appropriate in carrying out its duties.