

ALLIED MOTION TECHNOLOGIES INC
Form DEF 14A
April 08, 2015

Use these links to rapidly review the document

[TABLE OF CONTENTS](#)

[Table of Contents](#)

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

Allied Motion Technologies Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

Edgar Filing: ALLIED MOTION TECHNOLOGIES INC - Form DEF 14A

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

Table of Contents

ALLIED MOTION TECHNOLOGIES INC.

**495 Commerce Drive, Suite 3
Amherst, New York 14228**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 6, 2015**

To the Shareholders of Allied Motion Technologies Inc.:

You are hereby notified that the 2015 Annual Meeting of Shareholders of Allied Motion Technologies Inc. (the "Company") will be held on Wednesday, May 6, 2015 at 2:00 p.m. (Eastern Time) at the offices of Jaeckle Fleischmann & Mugel, LLP, 200 Delaware Avenue, Suite 900, Buffalo, New York 14202. At this meeting, the shareholders will be asked to act on the following matters:

1. To elect seven directors of the Company;
2. To provide an advisory approval of the compensation of our named executive officers; and
3. To ratify the appointment of EKS&H LLLP ("EKS&H") as the Company's independent registered public accounting firm for the 2015 fiscal year; and
4. To transact such other business as may properly come before the 2015 Annual Meeting or any adjournment thereof.

Only shareholders of record at the close of business on March 17, 2015 are entitled to notice of and to vote at the 2015 Annual Meeting and any adjournment thereof.

The Board of Directors of the Company extends a cordial invitation to all shareholders to attend the 2015 Annual Meeting, as it is important that your shares be represented at the meeting. Even if you plan to attend the Annual Meeting, you are strongly encouraged to mark, date, sign and mail the enclosed proxy in the return envelope provided as promptly as possible.

If your shares are held in street name and YOU do not vote your shares, your broker or other nominee generally can no longer vote them for you and your shares will remain unvoted. **THEREFORE, IT IS VERY IMPORTANT THAT YOU VOTE YOUR SHARES FOR ALL PROPOSALS.**

By Order of the Board of Directors

Joseph P. Kubarek
Secretary

DATED: April 3, 2015

Important Notice Regarding the Internet Availability of Proxy Materials: This Proxy Statement and the Company's Annual Report are available on the Internet at <https://materials.proxyvote.com/019330>.

THIS IS AN IMPORTANT MEETING. ALL SHAREHOLDERS ARE URGED TO VOTE.

TABLE OF CONTENTS

	Page
<u>QUESTIONS AND ANSWERS ABOUT THE 2015 ANNUAL MEETING</u>	<u>1</u>
<u>Why did I receive this proxy?</u>	<u>1</u>
<u>Who is entitled to vote?</u>	<u>1</u>
<u>What is the quorum for the Annual Meeting?</u>	<u>1</u>
<u>How many votes do I have?</u>	<u>1</u>
<u>What is the difference between a shareholder of record and a beneficial owner of shares held in street name?</u>	<u>1</u>
<u>If I am a shareholder of record of Common Stock, how do I vote?</u>	<u>1</u>
<u>If I am a beneficial owner of shares held in street name, how do I vote?</u>	<u>2</u>
<u>What am I voting on?</u>	<u>2</u>
<u>Will there be any other items of business on the agenda?</u>	<u>2</u>
<u>How many votes are required to act on the proposals?</u>	<u>2</u>
<u>How are votes counted?</u>	<u>2</u>
<u>What happens if I return my proxy card without voting on all proposals?</u>	<u>3</u>
<u>Can I change my vote after I return my proxy card?</u>	<u>3</u>
<u>Will anyone contact me regarding this vote?</u>	<u>3</u>
<u>Who has paid for this proxy solicitation?</u>	<u>3</u>
<u>May shareholders ask questions at the Annual Meeting?</u>	<u>3</u>
<u>How can I obtain a copy of this year's Annual Report on Form 10-K?</u>	<u>3</u>
<u>What does it mean if I receive more than one proxy card?</u>	<u>4</u>
<u>When was this proxy statement mailed?</u>	<u>4</u>
<u>Can I find additional information on the Company's website?</u>	<u>4</u>
<u>CORPORATE GOVERNANCE AND BOARD MATTERS</u>	<u>5</u>
<u>Director Qualifications and Biographical Information</u>	<u>5</u>
<u>Independent Directors</u>	<u>7</u>
<u>Board Leadership Structure</u>	<u>7</u>
<u>Shareholder Communication With the Board</u>	<u>8</u>
<u>Committees and Meeting Data</u>	<u>8</u>
<u>Board Oversight of Risk Management</u>	<u>8</u>
<u>Nominating Procedures</u>	<u>9</u>
<u>Board Attendance at Meetings</u>	<u>9</u>
<u>Compensation Committee Interlocks</u>	<u>9</u>
<u>Compensation of Directors</u>	<u>10</u>
<u>Director Stock Ownership Policy</u>	<u>11</u>
<u>PROPOSALS TO BE VOTED ON</u>	<u>12</u>
<u>Proposal 1 Election of Directors</u>	<u>12</u>
<u>Proposal 2 Advisory Vote on Executive Compensation</u>	<u>12</u>
<u>Proposal 3 Advisory Vote on the Ratification of Independent Registered Public Accounting Firm</u>	<u>13</u>
<u>EXECUTIVE OFFICERS</u>	<u>13</u>
<u>COMPENSATION OF EXECUTIVE OFFICERS</u>	<u>14</u>
<u>Compensation Discussion and Analysis</u>	<u>14</u>
<u>Report of the Compensation Committee</u>	<u>19</u>
<u>Summary Compensation Table</u>	<u>21</u>
<u>Grants of Plan-Based Awards in 2014</u>	<u>22</u>
<u>Outstanding Equity Awards at 2014 Fiscal Year End</u>	<u>23</u>
<u>Option Exercises and Stock Vested in 2014</u>	<u>24</u>
<u>Potential Payments upon Termination or Change in Control</u>	<u>24</u>

Table of Contents

	Page
<u>CERTAIN TRANSACTIONS AND RELATIONSHIPS</u>	<u>28</u>
<u>Change in Control Agreements</u>	<u>28</u>
<u>Related-Party Transactions Policies and Procedures</u>	<u>28</u>
<u>OWNERSHIP OF COMPANY STOCK</u>	<u>29</u>
<u>Security Ownership of Certain Beneficial Owners</u>	<u>29</u>
<u>Security Ownership of Management and Directors</u>	<u>30</u>
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	<u>30</u>
<u>AUDIT COMMITTEE MATTERS</u>	<u>31</u>
<u>Audit Committee Report</u>	<u>31</u>
<u>Policy For Pre-Approval of Audit and Permitted Non-Audit Services</u>	<u>32</u>
<u>Auditor Fees and Services</u>	<u>32</u>
<u>OTHER MATTERS</u>	<u>32</u>
<u>SHAREHOLDER PROPOSALS FOR THE 2016 ANNUAL MEETING</u>	<u>32</u>
<u>Proposals for the Company's Proxy Material</u>	<u>32</u>
<u>Proposals to be Introduced at the Annual Meeting but not Intended to be Included in the Company's Proxy Material</u>	<u>33</u>

Table of Contents

PROXY STATEMENT
QUESTIONS AND ANSWERS
ABOUT THE 2015 ANNUAL MEETING

Why did I receive this proxy?

The Board of Directors of Allied Motion Technologies Inc. (the "Company") is soliciting proxies to be voted at the Annual Meeting of Shareholders. The Annual Meeting will be held Wednesday, May 6, 2015, at 2:00 p.m. (Eastern Time) at the offices of Jaekle Fleischmann & Mugel, LLP, 200 Delaware Avenue, Suite 900, Buffalo, New York 14202. This proxy statement summarizes the information you need to know to vote by proxy or in person at the Annual Meeting. You do not need to attend the Annual Meeting in person in order to vote.

Who is entitled to vote?

All shareholders of record as of the close of business on March 17, 2015 (the "Record Date") are entitled to vote at the Annual Meeting.

What is the quorum for the Annual Meeting?

A quorum at the Annual Meeting will consist of a majority of the votes entitled to be cast by the holders of all shares of Common Stock outstanding on the Record Date. No business may be conducted at the Annual Meeting if a quorum is not present. Broker non-votes (shares held in street name for which the broker indicates that instructions have not been received from the beneficial owners or other persons entitled to vote) and abstentions will be counted as shares present in determining whether a quorum is present. As of the Record Date, 9,303,958 shares of Common Stock were issued and outstanding.

How many votes do I have?

Each share of Common Stock outstanding on the Record Date is entitled to one vote on each item submitted to you for consideration.

What is the difference between a shareholder of record and a beneficial owner of shares held in street name?

Shareholder of Record. If your shares are registered directly in your name with the Company's transfer agent, American Stock Transfer & Trust Company, you are considered the shareholder of record with respect to those shares.

Beneficial Owner of Shares Held in Street Name. If your shares are held in an account at a brokerage firm, bank, broker-dealer or other similar organization, then you are the beneficial owner of shares held in "street name." The organization holding your account is considered the shareholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct that organization on how to vote the shares held in your account.

If I am a shareholder of record of Common Stock, how do I vote?

If you are a shareholder of record, you may vote by mailing a completed proxy card. To vote by mailing a proxy card, please sign and return the enclosed proxy card in the enclosed prepaid and self-addressed envelope and your shares will be voted at the Annual Meeting in the manner you

Table of Contents

directed. You may also vote your shares in person at the Annual Meeting. If you are a shareholder of record, you may request a ballot at the Annual Meeting.

If I am a beneficial owner of shares held in street name, how do I vote?

If you are the beneficial owner of shares held in street name, you will receive instructions from the brokerage firm, bank, broker-dealer or other similar organization (the "shareholder of record") that must be followed for the shareholder of record to vote your shares per your instructions. You may complete and return the voting instruction form in the self-addressed postage paid envelope provided, or you may vote 24 hours a day via the internet or telephone by following the instructions on the enclosed vote instruction form.

If you hold your shares in street name and do not instruct your bank or broker how to vote in the election of directors, no votes will be cast on your behalf. Your bank or broker will, however, continue to have discretion to vote any uninstructed shares on the appointment of EKS&H (Proposal Three). Please ensure that you complete the voting instruction card sent by your bank or broker.

If your shares are held in street name and you wish to vote in person at the Annual Meeting, you must obtain a proxy issued in your name from the shareholder of record and bring it with you to the meeting. We recommend that you vote your shares in advance as described above so that your vote will be counted if you later decide not to attend the Annual Meeting.

What am I voting on?

You will be voting on the following proposals:

Proposal One: the election of seven Directors of the Company;

Proposal Two: an advisory vote on the compensation of our named executive officers; and

Proposal Three: the ratification of EKS&H as the Company's independent registered public accounting firm for the 2015 fiscal year.

Will there be any other items of business on the agenda?

We do not expect any other items of business because the deadline for shareholder proposals and nominations has passed. Nonetheless, in case there is an unforeseen need, your proxy gives discretionary authority to Richard S. Warzala and Robert P. Maida with respect to any other matters that might be brought before the Annual Meeting. Those persons intend to vote that proxy in accordance with their best judgment.

How many votes are required to act on the proposals?

The holder of each outstanding share of Common Stock is entitled to one vote for each share of Common Stock on each matter submitted to a vote at a meeting of shareholders.

Pursuant to our Amended and Restated Articles of Incorporation and Bylaws, directors will be elected by the affirmative vote of the majority of the votes cast with respect to such director's election.

Approval of Proposals Two and Three requires an affirmative vote by a majority of the votes cast on each proposal.

How are votes counted?

For purposes of each proposal, abstentions and broker non-votes, if any, will not be counted as votes cast and will have no effect on the result of the vote, although they will be considered present for the purpose of determining the presence of a quorum.

Table of Contents

What happens if I return my proxy card without voting on all proposals?

When the proxy is properly executed and returned, the shares it represents will be voted at the Annual Meeting in accordance with your directions. If the signed card is returned with no direction on a proposal, the proxy will be voted with the Board's recommendations.

Can I change my vote after I return my proxy card?

You can revoke your proxy and change your vote at any time prior to the voting thereof at the Annual Meeting. You can do this by:

filing with the Secretary of the Company a written revocation or signing and submitting another proxy with a later date, or

attending the Annual Meeting, withdrawing the proxy and voting in person.

If your shares are held by a nominee and you seek to vote shares in person at the Annual Meeting, you must bring to the Annual Meeting a written statement from the nominee confirming the shareholder's beneficial ownership of a stated number of shares and that such shares have not been voted by the nominee. Your attendance at the Annual Meeting will not in itself revoke your proxy.

Will anyone contact me regarding this vote?

Solicitation of proxies for use at the Annual Meeting may be made in person or by mail, telephone or telegram, by directors, officers and regular employees of the Company. Such persons will receive no special compensation for any solicitation activities. In addition, we have retained the services of D.F. King & Co., Inc. to aid in the solicitation of proxies in person, by mail or telephone. The costs are not expected to exceed \$7,000 plus expenses. We will request banking institutions, brokerage firms, custodians, trustees, nominees and fiduciaries to forward solicitation materials to the beneficial owners of Common Stock held of record by such entities, and we will, upon the request of such record holders, reimburse reasonable forwarding expenses.

Who has paid for this proxy solicitation?

The Company has paid the entire expense of this proxy statement and any additional materials furnished to shareholders.

May shareholders ask questions at the Annual Meeting?

Yes. There will be time allotted at the end of the meeting when Company representatives will answer questions from the floor.

How can I obtain a copy of this year's Annual Report on Form 10-K?

A copy of the Company's 2014 Annual Report to Shareholders, including financial statements for the fiscal year ended December 31, 2014, accompanies this Proxy Statement. The Annual Report, however, is not part of the proxy solicitation material. A copy of the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") may be obtained free of charge by writing to Allied Motion Technologies Inc., 495 Commerce Drive, Suite 3, Amherst, New York 14228, Attention: Secretary or by accessing the "SEC Filings" section of the Company's website at www.alliedmotion.com. In addition, the Proxy Statement and Annual Report are available on the internet at <https://materials.proxyvote.com/019330>.

Table of Contents

What does it mean if I receive more than one proxy card?

It means that you have multiple accounts at the transfer agent or with stockbrokers. Please complete and return *ALL* proxy cards to ensure that all your shares are voted.

When was this proxy statement mailed?

This proxy statement, the enclosed proxy card and the Annual Report were mailed to shareholders beginning on or about April 9, 2015.

Can I find additional information on the Company's website?

Yes. Our website is located at www.alliedmotion.com. Although the information contained on our website is not part of this proxy statement, you can view additional information on the website, such as our code of ethics, corporate governance principles, charters of board committees and reports that we file with the SEC. A copy of our code of ethics, corporate governance principles and each of the charters of our board committees may be obtained free of charge by writing to Allied Motion Technologies Inc., 495 Commerce Drive, Suite 3, Amherst, New York 14228, Attention: Secretary.

Table of Contents

CORPORATE GOVERNANCE AND BOARD MATTERS

Director Qualifications and Biographical Information

The biography of each director nominee below contains information regarding that person's principal occupation, positions held with the Company, service as a director, business experience, other director positions currently held or held at any time during the past five years, involvement in certain legal or administrative proceeding, if applicable, and the experiences, qualifications, attributes or skills that caused our Governance and Nominating Committee to conclude that the person should serve as a member of our Board of Directors.

Richard D. Federico, age 60 Mr. Federico has over thirty-five years of operational, strategy and investment experience. He has served as a director since February 2012. Since July of 2014 Mr. Federico has been a Partner at TZP Group, a mid-market, growth oriented private equity firm. In addition, from November 2012 he has been the Founder and Chairman at Cetan Partners, an investment and advisory firm. From October 2011 to November of 2012 he was Managing Director at Ocean Tomo, the leading global merchant bank specializing in intellectual capital. He spent the prior ten years as a Senior Advisor and Managing Director in private equity with Sterling Partners, where he served as an investment partner and additionally worked with a number of Sterling portfolio investments to build, capture and maximize best-in-class practices across the firm and instituted effective governance at the portfolio level. His background also includes senior management positions with companies including Fisher Scientific, The Millard Fillmore Health System, The Science Kit Group and KPMG. He currently is and has been involved with numerous private and non-profit boards. His financial and investment experience, knowledge of capital markets and experience on other public and private company boards prepare him to give the Board his views on operational and financial matters.

Gerald J. (Bud) Laber, age 71 Mr. Laber has served as a director of the Company since November 2010. He has been a private investor since 2000, when he retired after 33 years of service with Arthur Andersen LLP. He was an audit partner with Arthur Andersen LLP from 1980 until retiring in 2000. Mr. Laber is a Certified Public Accountant and is a member of the American Institute of Certified Public Accountants and the Colorado Society of Certified Public Accountants. Mr. Laber is currently on the board of directors and chair of the audit committee and member of the compensation and governance committees of Scott's Liquid Gold. He is on the board and chair of the audit committee and member of the compensation and governance and nominating committees for Boulder Brands Inc. He served as President of the Catholic Foundation of Northern Colorado from January 2008 until November 2012. He previously served on the Board of Directors and as Chair of the Audit Committee of Spectralink Corporation from April 2004 to March 2007 and served on the Board of Directors and Audit Committee of Applied Films Corporation from July 2004 to July 2007. He brings to the Board extensive experience in accounting, financial matters and strategic planning and his experience as a director of other public companies gives him insight into governance and related best practices which enable him to make significant contributions as a Board member.

Alexis P. Michas, age 57 Mr. Michas is a new director nominee in 2015. He is the founder and managing partner of Juniper Investment Company, LLC ("Juniper"). Juniper is also a principal of Aetolian Investors, LLC a registered commodity pool operator. He was the managing partner and a director of Stonington Partners, Inc., an investment management firm from 1994 through 2011. Mr. Michas is the non-executive chairman of the board of Lincoln Educational Services Corporation, chairman of the board for BorgWarner, Inc. and the lead director of PerkinElmer, Inc. Mr. Michas also served as a director and member of the compensation committee of AirTran Airways, Inc. until that company's sale to Southwest Airlines, Inc. in May 2011. Mr. Michas brings many years of private equity experience across a wide range of industries, and a successful record of managing control investments in public companies. He also brings extensive transactional expertise including: mergers and

Table of Contents

acquisitions, IPOs, debt and equity offerings and bank financing. Mr. Michas has served as Non-Executive Chairman of the Board and on the compensation, governance, audit, finance and executive committees of the boards of other public companies. His knowledge of the Company and his thorough understanding of the role of boards of directors qualify him to serve on our Board of Directors.

Richard D. Smith, age 67 Mr. Smith has served as a director of the Company since August 1996. Mr. Smith has broad executive management experience with the Company and extensive knowledge and experience in accounting and financial matters. He served as Chief Financial Officer from June 1983 until December 2012, as Chief Executive Officer from August 1998 until May 2009 and as Executive Chairman of the Board of Directors from May 2009 until his retirement in March 2013. Mr. Smith served as non-executive Chairman of the Board from March 2013 until February 2014. Pursuant to Mr. Smith's consulting agreement with the Company, the Board shall nominate him for election to the Board as long as he has not been terminated and is willing to serve on the Board of Directors. He provides valuable insight to the Board with respect to the historical and future direction of the Company based on his many years of experience on the Board together with his decades of experience in the industry.

James J. Tanous, age 67 Mr. Tanous has served as a director of the Company since May 2014. He is currently the Executive Director of the Prentice Family Foundation, a not-for-profit foundation whose primary mission is to promote the economic development of the Western New York area, a position he has held since January 2014. From April 2007 through June 2013 he served as Executive Vice President, Secretary and General Counsel of Erie Indemnity Company, a publicly traded Fortune 500 company that manages the property and casualty and life insurance companies that comprise the Erie Insurance Group. Prior to joining Erie Indemnity Company, Mr. Tanous was a Partner and Chairman of Jaeckle Fleischmann & Mugel, LLP, a law firm headquartered in Buffalo, New York where he represented numerous public and private companies for over 30 years. His decades of experience as a counselor to public and private companies and broad based legal expertise are important to the Board of Directors.

Richard S. Warzala, age 61 Mr. Warzala has a strong management and technical background in the motion control industry and has served as a director of the Company since August 2006 and as Chairman of the Board since February 2014. Mr. Warzala joined Allied Motion as President and Chief Operating Officer in May 2002 and was appointed President and Chief Executive Officer in May 2009. Prior to joining Allied Motion, Mr. Warzala was President of the Motion Components Group of Danaher Corporation and held various positions at American Precision Industries Inc., including Corporate Vice President and President of its API Motion Division. Pursuant to his employment agreement, as long as Mr. Warzala is Chief Executive Officer and is willing to serve, the Board of Directors will nominate him for election to the Board. His leadership experience and Company and industry knowledge, with 31 years of motion experience, provide valuable insight to the Board of Directors in formulating and executing the Company's strategy.

Michael R. Winter, age 61 Mr. Winter was appointed a director of the Company in July 2014. Mr. Winter is a former partner in the Buffalo, New York office of PricewaterhouseCoopers LLP ("PwC"), serving in that role from 1987 until his retirement in June 2014. During his tenure, Mr. Winter was responsible for leading the delivery of assurance services to public entities with experience serving many sectors including Consumer and Industrial Products Manufacturing, Energy and Healthcare. Since 2010 he was also a member of the PwC National Office based in New Jersey, which serves as support for all PwC U.S. practice offices. Mr. Winter is currently on the board of directors and a member of the audit committee of Gas Natural Inc. His accounting and business expertise, including an in-depth understanding of the preparation and analysis of financial statements, makes him highly qualified to serve as a director.

Table of Contents

Independent Directors

Under the corporate governance standards of the Nasdaq Global Market, at least a majority of our Directors, and, except in limited circumstances, all of the members of our Audit Committee, Compensation Committee and Governance and Nominating Committee, must meet the test of "independence" as defined by Nasdaq. The Nasdaq standards provide that to qualify as an "independent" director, in addition to satisfying certain bright-line criteria, the Board of Directors must affirmatively determine that a director has no material relationship with the Company. The Board of Directors has determined that each director nominee, other than Mr. Warzala and Mr. Smith, satisfies the bright-line criteria and that no other director or nominee has a relationship with the Company that would interfere with such person's ability to exercise independent judgment as a member of our Board.

Board Leadership Structure

Richard S. Warzala serves as the Company's Chairman of the Board and also serves as President and Chief Executive Officer of the Company. The Company believes that having Mr. Warzala serve as both an executive officer and as Chairman demonstrates to the Company's employees and other stakeholders that the Board of Directors is under strong leadership, with a single person setting the tone and having primary responsibility for leading the Board of Directors. The Company believes this unity of leadership eliminates the potential for confusion or duplication of efforts, and provides clear leadership for the Company. In addition, the Board of Directors recognizes that, given Mr. Warzala's familiarity with the Company and his long standing experience with the Company, it is valuable to have him lead board discussions.

To provide for an additional independent leadership role, the Board of Directors has designated Richard D. Federico, as Lead Director. The Lead Director's responsibilities include: presiding at meetings of the Board of Directors at which the Chairman is not present, including executive sessions of the independent directors; serving as liaison between the Chairman and the independent directors; convening meetings of the independent directors; and consulting with the Chairman on matters relating to Board of Director performance and corporate governance.

Another component of our leadership structure is the active role played by our independent directors in overseeing the Company's business, both at the Board and Committee level. Five of the seven director nominees are considered independent under the corporate governance standards of the Nasdaq Global Market. All of our Directors are free to suggest the inclusion of items on the agenda for meetings of our Board of Directors or raise subjects that are not on the agenda for that meeting. In addition, our Board of Directors and each committee have complete and open access to any member of management and the authority to retain independent legal, financial and other advisors as they deem appropriate without consulting or obtaining the approval of any member of management. Our Board of Directors also holds regularly scheduled executive sessions of only independent Directors, led by the Lead Director, in order to promote discussion among the independent Directors and assure independent oversight of management. Moreover, our Audit Committee, Compensation Committee and Governance and Nominating Committee, all of which are comprised entirely of independent Directors, also perform oversight functions independent of management.

The Company believes its leadership structure is the most effective leadership structure for the Board of Directors at this time. However, the Board of Directors recognizes that no single leadership model is appropriate for a board at all times. Accordingly, the Board of Directors may in the future consider a different leadership structure, including a structure providing for a Chairman of the Board who is not an executive officer of the Company.

Table of Contents

Shareholder Communication With the Board

We provide an informal process for shareholders to send communications to the Board of Directors. Shareholders who wish to contact the Board of Directors or any of its members may do so in writing to Allied Motion Technologies Inc., 495 Commerce Drive, Suite 3, Amherst, New York 14228. Correspondence directed to an individual board member will be referred to that member. Correspondence not directed to a particular board member will be referred to the Lead Director.

Committees and Meeting Data

The Board of Directors has a standing Audit Committee, Compensation Committee and Governance and Nominating Committee. Each member of each of these committees is "independent" as that term is defined in the Nasdaq listing standards. The Board has adopted a written charter for each of these committees, which is available on our web site at www.alliedmotion.com.

The Audit Committee of our Board of Directors oversees the Company's financial reporting on behalf of the Board and is responsible for the appointment, replacement, compensation and oversight of the work of the Company's independent auditors. The Audit Committee also reviews the Company's annual and quarterly reports filed with the SEC. The Audit Committee held eight meetings during 2014 and, since July 2014, consisted of Messrs. Laber (Chairman), Tanous and Winter. Each member of the Audit Committee meets the current independence and experience requirements of Nasdaq and the SEC. Messrs. Laber and Winter have each been designated as an "Audit Committee financial expert" in accordance with the SEC rules and regulations and qualifies as a financially sophisticated audit committee member under the Nasdaq listing standards. See "Report of the Audit Committee" below.

In 2014, the Compensation Committee of our Board of Directors consisted of Messrs. Heath, Federico and Laber. Throughout 2014, Mr. Heath served as chairman of the committee and effective March 3, 2015, Mr. Federico was appointed chairman and Mr. Heath will remain as a member until his current term ends at the 2015 Annual Meeting. The Compensation Committee has the principal responsibility to make recommendations to the Board of Directors concerning the compensation of the Company's management employees including its executive officers and the Board of Directors. The Compensation Committee also reviews, approves and recommends to the Board for their approval all awards granted under the Company's stock incentive plan and performs other functions regarding compensation as the Board may delegate. The Compensation Committee met five times during 2014.

The Governance and Nominating Committee of our Board of Directors (i) monitors and oversees matters of corporate governance, including the evaluation of Board performance and processes and the "independence" of directors, and (ii) selects, evaluates and recommends to the Board qualified candidates for election or appointment to the Board and each Committee of the Board. The committee met four times during 2014 and, since May 2014, consisted of Messrs. Tanous (Chairman), Federico and Heath.

Board Oversight of Risk Management

The Board of Directors oversees our risk management process. This oversight is primarily accomplished through the Board's committees and management's reporting processes. We do not have a formal risk committee; however, our Audit Committee is responsible for overseeing risks arising out of accounting, financial reporting and related activities and is primarily responsible for ensuring that the Board exercises adequate oversight of the Company's enterprise risk management process. Our Compensation Committee reviews compensation agreements to confirm that compensation, especially incentive pay arrangements, do not encourage or create opportunities for unnecessary risk-taking and our Governance and Nominating Committee assists the Board in its oversight of the Company's process for management and communication of key risks facing the Company, as well as the guidelines, policies and processes for monitoring and mitigating such risks.

Table of Contents

Nominating Procedures

The Governance and Nominating Committee identifies nominees by first evaluating the current members of the Board of Directors willing to continue in service. Current members of the Board with skills and experience that are relevant to the Company's business and who are willing to continue in service are considered for re-nomination. If any member of the Board does not wish to continue in service, or if the Governance and Nominating Committee decides not to nominate a member for re-election, the Governance and Nominating Committee first considers the appropriateness of the size of the board. If the Governance and Nominating Committee determines the board seat should be retained and a vacancy exists, the Governance and Nominating Committee considers factors that it deems are in the best interests of the Company and its shareholders in identifying and evaluating a new nominee. Skills and characteristics that are considered include judgment, accountability, integrity, reputation, relevant experience, including leadership roles and experience working in a collaborative environment, technical skills, financial literacy, mature confidence and emotional maturity, high performance standards, availability, other board appointments and outside commitments, industry knowledge, networking/contacts, and degree of independence from management.

While we do not have a formal policy or guidelines regarding diversity of membership of our Board of Directors, our Corporate Governance Principles recognize the value of having a Board that encompasses a broad range of skills, expertise, contacts, industry knowledge and diversity of opinion, our Board has not attempted to define "diversity," or otherwise require that the composition of our Board include individuals from any particular background or who possess specific attributes. The Governance and Nominating Committee will continue to consider whether it would be appropriate to adopt a policy or guidelines regarding board diversity or define diversity as it relates to the composition of our Board of Directors.

The Board of Directors will consider nominees recommended by shareholders. Any such person will be evaluated in the same manner as any other potential nominee for director. Any suggestion for a nominee for director by a shareholder should be sent to the Company's Secretary within the time periods set forth under "Shareholder Proposals for the 2016 Annual Meeting."

Board Attendance at Meetings

The Board of Directors held four regular meetings in 2014. Our Independent Directors meet in executive session without management directors or management present. These sessions generally take place prior to or following regularly scheduled board meetings. The directors met in such sessions four times during 2014. Our Corporate Governance Principles provide that all directors are expected to regularly attend all meetings of the Board and the Board committees on which he serves. In 2014, each director attended 100% of the total number of meetings of the Board of Directors and meetings held by all committees of the Board of Directors on which he served. In addition, each director is expected to attend the Annual Meeting of Shareholders. In 2014, the Annual Meeting of Shareholders was attended by all of the directors then in office.

Compensation Committee Interlocks

As noted above, the Compensation Committee is comprised of three independent Directors: Messrs. Federico, Heath and Laber. No member of the Compensation Committee is or was formerly an officer or an employee of the Company. No executive officer of the Company serves as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of the Company's Board of Directors, nor has such interlocking relationship existed in the past.

Table of Contents**Compensation of Directors**

Under the Company's director compensation program, each non-employee director is paid an annual cash retainer of \$35,000. The chairperson of the Audit Committee receives an additional \$12,000 annual cash retainer and other members of the Audit Committee receive an additional annual cash retainer in the amount of \$7,500. The chairperson of the Compensation Committee and the Corporate Governance and Nominating Committee each receive an additional \$8,000 annual cash retainer and other members of those committees will receive an additional annual cash retainer in the amount of \$5,000. The Lead Director receives an additional \$10,000 annual cash retainer. All cash retainers are payable ratably on a quarterly basis. The Company no longer pays a separate fee for each meeting attended; however each non-employee director is reimbursed for his or her expenses in connection with attendance at each meeting.

Non-employee directors also receive an annual award of restricted stock under the 2007 Stock Incentive Plan, as amended. The annual award consists of shares of the Company's common stock with a value of \$50,000 as of the date of grant. The Lead Director receives an additional award of restricted stock with a value of \$10,000 as of the date of grant. Directors who are appointed to the Board outside of the annual meeting of shareholders receive a pro rata amount of the annual award. These restricted shares will vest over a three-year period upon the performance of future service as a director, subject to certain exceptions.

The following table shows the compensation paid by the Company to each non-employee director for 2014.

Name	Fees Earned or Paid in Cash (\$)(1)	Stock Awards (\$)(2)	All other Compensation (\$)	Total (\$)
Richard D. Federico	\$ 52,750	\$ 60,025	\$	\$ 112,775
S. R. (Rollie) Heath, Jr.	\$ 46,500	\$ 50,019	\$	\$ 96,519
Gerald J. (Bud) Laber	\$ 55,000	\$ 50,019	\$	\$ 105,019
Richard D. Smith	\$ 40,250	\$ 50,019	\$ 155,250(3)	\$ 245,519
James J. Tanous	\$ 25,250	\$ 49,995	\$	\$ 75,245
Michael R. Winter	\$ 19,375	\$ 42,749	\$	\$ 62,124

- (1) Includes amounts that were used to purchase stock pursuant to the Company's Non-Employee Director Stock in Lieu of Cash Retainer Plan.
- (2) Represents the total grant date fair value of stock awards on the date of the award. The fair values of these awards were based on the average closing bid and ask price of the Company's common stock as reported on the Nasdaq Global Market on the date of grant.
- (3) Mr. Smith served as Executive Chairman of the Board and Chief Financial Officer until his retirement in March 2013. The Company entered into a five-year consulting agreement with Mr. Smith effective upon his retirement pursuant to which Mr. Smith will receive an annual consulting fee, paid monthly, and will be available to work part time as an independent contractor on assignments as requested by the Chief Executive Officer and agreed upon by Mr. Smith.

Table of Contents

The aggregate number of unvested stock awards outstanding for each non-employee director as of December 31, 2014 is shown below:

**Number of
Shares**