PROGRESSIVE CORP/OH/
Form 11-K
May 17, 2016

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

FORM 11-K

(Mark One)
ý Annual Report Pursuant to Section 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended December 31, 2015
OR
¨ Transition Report Pursuant to Section 15(d) of the Securities Exchange Act of 1934
For the transition period from __________to__________
Commission file number 1-9518

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

THE PROGRESSIVE 401(k) PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:
THE PROGRESSIVE CORPORATION
6300 WILSON MILLS ROAD
MAYFIELD VILLAGE, OHIO 44143

REQUIRED INFORMATION

See the attached Financial Statements, with Report of Independent Registered Public Accounting Firm, for The Progressive 401(k) Plan, as of and for the years ended December 31, 2015 and 2014.

SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

	Plan Administrative Committee, as Administrator of The Progressive 401(k) Plan
By:	/s/ Jeffrey W. Basch
Name:	Jeffrey W. Basch
	Authorized Signatory

Date: May 17, 2016

THE PROGRESSIVE 401(k) PLAN

FINANCIAL STATEMENTS
WITH
REPORT OF INDEPENDENT
REGISTERED PUBLIC ACCOUNTING FIRM

As of and for the Years Ended December 31, 2015 and 2014

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Audit Committee of
The Progressive Corporation
Cleveland, Ohio

We have audited the accompanying Statement of Net Assets Available for Benefits of The Progressive 401(k) Plan (the "Plan") as of December 31, 2015 and 2014, and the related Statements of Changes in Net Assets Available for Benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2015 and 2014, and the changes in net assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The supplemental Schedule of Assets Held for Investment Purposes at End of Year as of December 31, 2015 has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental schedule is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental schedule reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental schedule. In forming our opinion on the supplemental schedule, we evaluated whether the supplemental schedule, including its form and content, is presented in conformity with Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental schedule is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ Meaden & Moore, Ltd.
MEADEN & MOORE, LTD.

Cleveland, Ohio
May 17, 2016

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

The Progressive 401(k) Plan

	(in thousands) December 31	
	2015	2014
Assets:		
Pending trade settlement	$269	$296
Notes receivable from participants	70,227	66,745
Investments, at Fair Value:		
The Progressive Corporation Common Shares	800,319	707,666
Other investments	1,960,149	1,880,444
Investments, at Fair Value	2,760,468	2,588,110
Investments, at Contract Value:		
Fidelity MIP II, Class 3	193,805	194,663
Net Assets Available for Benefits	$3,024,769	$2,849,814

See accompanying notes.

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

The Progressive 401(k) Plan

	(in thousands) Year Ended December 31	
	2015	2014
Additions to Net Assets Attributed to:		
Contributions:		
Employer	$78,151	$73,294
Participants	120,664	111,913
Rollovers	5,883	5,601
	204,698	190,808
Interest income on notes receivable from participants	2,931	2,767
Investment Income:		
Net appreciation in fair value of investments	38,849	42,118
Dividends on The Progressive Corporation Common Shares	18,125	39,572
Interest and other dividends	69,912	75,588
Revenue Share - see footnote 2	1,211	—
Total Investment Income	128,097	157,278

Deductions from Net Assets Attributed to:		
Benefits paid to participants	154,200	134,292
Employee stock ownership plan dividend distribution	6,045	13,299
Other expenses	526	533
Total Deductions	160,771	148,124
Net Increase	174,955	202,729
Net Assets Available for Benefits:		

(1) 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.

(2) Non-Equity Incentive Plan Compensation for Mr. Warzala for 2011 includes (a) $456,154 pursuant to the Annual Incentive Bonus Plan, which is generally available to all employees of the Company and is payable based upon the achievement of Company performance goals established by the Board of Directors and (b) contribution under the Deferred Compensation Plan of $521,028 upon achievement of Company performance goals established by the Board of Directors..

(3) All Other Compensation for Mr. Warzala for 2011 includes (a) fair value of personal use of Company provided automobile of $6,946, as determined with reference to IRS regulations, (b) the Company's contribution of $19,315 to tax-qualified defined contribution plans, (c) contribution under the Deferred Compensation Plan of $153,856 to provide Mr. Warzala supplemental retirement benefit, (d) the Company paid life insurance premiums of $24,500, and (e) financial planning services of $6,155.

(4) Non-Equity Incentive Plan Compensation for Mr. Smith for 2011 includes (a) $392,403 pursuant to the Annual Incentive Bonus Plan, which is generally available to all employees of the Company and is payable based upon the achievement of Company performance goals established by the Board of Directors and (b) contribution under the Deferred Compensation Plan of $521,028 upon achievement of Company performance goals established by the Board of Directors.

(5) All Other Compensation for Mr. Smith for 2011 includes (a) fair value of personal use of Company provided automobile of $17,359, as determined with reference to IRS regulations, (b) the Company's contribution of $19,315 to tax-qualified defined contribution plans and (c) the Company paid life insurance premiums of $20,845.

(6) Non-Equity Incentive Plan Compensation for Mr. Wyman for 2011 represents amount paid pursuant to the Annual Incentive Bonus Plan, which is generally available to all employees of the Company and is payable based upon the achievement of Company performance goals established by the Board of Directors.

(7) All Other Compensation for Mr. Wyman for 2011 includes (a) auto allowance paid of $6,000, (b) fair value of personal use portion of reimbursed automobile operating expenses of $2,162, as determined with reference to IRS regulations, and (c) the Company's contribution of $12,310 to tax-qualified defined contribution plans.

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Employment Agreements With Certain Named Executive Officers

The Company has employment agreements with Richard S. Warzala, President and Chief Executive Officer, and Richard D. Smith, Chief Financial Officer. The Agreements have an initial term of five years, through May 2014, and continue subsequently on a year-to-year basis unless the Company or the officer gives termination notice at least 60 days prior to expiration of the initial or subsequent terms. The Agreements contain the provisions outlined below.

Base Salary. The Agreements provide an annual base salary of not less than $275,000 for Mr. Warzala and $285,000 for Mr. Smith, and may be reviewed annually for increase on a merit basis. Mr. Warzala's salary was increased to $386,000 effective March 1, 2012. Mr. Smith's salary was increased to $325,000 effective March 1, 2012.

Annual Incentive Bonus. Annual incentive bonuses are paid based on achieving performance criteria recommended annually by the Compensation Committee and approved by the Board of Directors. The performance criteria will recognize the overall financial performance of the Company and the improvements made in financial results. The amount of incentive that an executive officer may receive is based upon the following two components: an individual target bonus (which is a percentage of the individual's salary), and the Company's performance based on Economic Value Added (EVA). EVA is defined as net operating profit after taxes less a cost of capital charge. For 2011, the individual target bonus was set at 60% for both Messrs. Warzala and Smith. The Company's EVA performance goals are set annually. If the target EVA is achieved, then the target bonus is paid. If the actual EVA achieved falls between the threshold and the target EVA, the bonus awarded is equal to the target bonus multiplied times the prorata percent of the EVA target achieved (0% to 100% of the target bonus amount). If the actual EVA achieved is greater than the target EVA, then the bonus awarded will be greater than 100% of the target bonus amount with the bonus being a certain prorata percent of the incremental EVA achieved above the target EVA.

For 2011, the Company exceeded performance targets specified at the beginning of 2011 for EVA. Applying the pre-established bonus formula to the financial performance resulted in bonuses for executive officers of 220% of target bonus levels, as set forth in the Summary Compensation Table under the heading Non-Equity Incentive Plan Compensation and corresponding notes (2), (4) and (6).

Long-Term Incentive Compensation. The Company utilizes stock based awards for long-term incentives. In making its determination regarding the grant of stock based awards, the Board considers, among other things, the Employee's responsibilities and efforts and performance in relation to the business plan and forecast, the relationship between the benefits of Restricted Stock or Stock Options and improving shareholder value, the development and performance of the Company's products in the marketplace and an increase in the trading price per share of the Company's Common Stock. The Board also considers customary business practices and Long-Term Incentive Plan benefits granted in comparison to such benefits provided to other executives in similar positions.

In 2011, Messrs. Warzala and Smith each received grants of 20,000 performance based shares. All performance targets established for 2011 and for the four year period ending December 31, 2014 were met as of December 31, 2011 and therefore all the performance based shares that were granted in 2011 vested on February 24, 2012.

The Board approved a grant of 30,000 shares for Mr. Warzala and 20,000 shares for Mr. Smith effective February 24, 2012. Of these shares, for each of Messrs. Warzala and Smith, 10,000 will vest $^1/_3$ on each of March 31, 2013, 2014, and 2015, and 10,000 will vest if the established performance goal based on 2012 operating profit is achieved. For Mr. Warzala, an additional 10,000 will vest if the established performance goal based on operating profit is achieved in any of the four years ending December 31, 2015. If the performance goal for either 2012 or the four year period ending December 31, 2015 is not met, none of the performance based shares will vest.

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Nonqulaified Deferred Compensation. The Company maintains a Deferred Compensation Plan which provides eligible key employees with the opportunity to defer the receipt of base compensation, bonuses, or a combination thereof, receive an allocation of any discretionary amount contributed to the Plan by the Company and receive an allocation of any performance based contributions by the Company. During 2011, no participants elected to defer any compensation and no discretionary amounts, other than described below, were contributed to the Plan. Performance based contributions are set annually based on performance goals. For 2011, annual performance based contributions for Messrs. Warzala and Smith were based on the Company achieving an 8% return on beginning shareholders' equity adjusted for the issuance of any Company stock during the year. If an 8% return was not achieved, no performance contribution would be awarded. If a return in excess of 8% was achieved, an amount equal to 25% of such excess is contributed equally to Messrs. Warzala and Smith. For 2011, a performance contribution of $521,028 for each of Messrs. Warzala and Smith was earned and contributed to the Plan. For 2012, annual performance based contributions for Messrs. Warzala and Smith will be based on the Company achieving a 12% return on beginning shareholders' equity.

Effective May 31, 2011 Mr. Warzala's agreement was amended to add supplemental retirement contributions. Under this amendment, the Company will make an annual contribution of $153,856 each May beginning in 2011 and for the next seven years ending in 2017. These contributions are guaranteed provided Mr. Warzala does not voluntarily terminate his employment and will be payable if his employment is terminated due to Employee's death, Disability, involuntary termination by the Company without Cause, or at any time and for any reason after a Change in Control. The contributions will be treated as Discretionary Contributions under the Deferred Compensation Plan.

Other Provisions. Messrs. Warzala and Smith participate in other benefits and perquisites as are generally provided by the Company to its employees. In addition, the Company provides each with an automobile, personal financial planning, an annual physical examination and with life insurance for which the executive may designate the beneficiaries.

In the event of termination prior to a change in control, the Agreements provide for continuation of salary, insurance benefits and other bonus prorations or settlements as outlined below.

Retirement. Payments upon retirement will be made pursuant to a retirement arrangement established with the Named Officer's consent, which may provide for the settlement of the Annual Incentive Bonus for the current year.

Termination for Cause. Termination for cause payments include salary continuation through the date of termination and benefit continuation until the end of the termination month.

Death. Upon death, salary continues to the end of the month containing the date of death and for three months following. Any proration of the Annual Incentive Bonus is at the Board of Directors' discretion.

Disability. In the case of disability, salary is continued until the end of the term of the employment agreement, as adjusted for any compensation payable under any Company paid disability plan, or until long term disability insurance becomes effective. Benefits are continued as generally provided by the Company to its employees in accordance with the Company's disability plan. Any proration of the Annual Incentive Bonus is at the Board of Directors' discretion.

Involuntary Termination for other than Cause, Retirement, Death or Disability. Involuntary termination payments include salary continuation through the end of the termination month and for twelve months following termination. For one year following the termination, medical, dental, long-term disability and life insurance benefits equal to the coverage provided to the employee at the time of termination are provided. An amount equal to 90% of the base salary at time of termination is to be

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paid in lieu of the annual bonus and an equity award is granted at the discretion of the Board for the fiscal year in which employment is terminated.

Consulting Agreement

Effective January 4, 2011, the Company entered into a five-year consulting agreement with Mr. Smith that will become effective upon his anticipated retirement as a full time employee of the Company on March 31, 2013. Upon his retirement, Mr. Smith will receive an annual consulting fee 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. After his retirement, Mr. Smith will continue to serve as a Board Member of the Company as recommended by the Board of Directors and approved by the Company's shareholders.

Change in Control Agreements

The Company has entered into separate agreements with Messrs. Warzala, Smith and Wyman, for termination resulting within 90 days prior to or 24 months following a change in control of the Company. The agreements are extended automatically on January 1 of each year to a total term of two years, unless notice of non-renewal is given by the Company not later than the September 30 immediately preceding such January (meaning that notice must be given at least 15 months prior to termination). Under the terms of the agreements, upon termination by the Company (other than for cause as defined in the agreement) or by the executive for good reason (as defined in the agreement), they are entitled to receive a severance payment equal to 2.5 times (one times for Mr. Wyman) the sum of current annual base salary plus the highest amount paid or payable under the Annual Incentive Bonus Plan for any of the three preceding fiscal years, an allocation for incentive compensation for the current year up to the date of termination and a monthly payment for a two year period equal to 25% of the base salary for the individual to acquire insurance benefits. Any payments due under the Long-Term Incentive Payment Plan shall be paid in accordance with the plan provisions. The Company has a similar agreement (providing one times severance payments) with one other key officer. The change in control agreements are applicable to a change in control of the Company and require the key executives to remain in the employ of the Company for a specified period in the event of a potential change in control of the Company and provide employment security to them in the face of pressures to sell the Company or in the event of take-over threats, so that they can devote full time and attention to the Company's efforts free of concern about discharge in the event of a change in control of the Company. The Board of Directors has considered termination of these agreements and determined that the reasons for executing the agreements are valid and concluded that notices of non-renewal of Messrs. Warzala and Smith would not be in the best interests of the shareholders. However, the Board of Directors determined that Mr. Wyman's responsibilities have changed and no longer fit with the purpose of the agreements and therefore, he was served notice that his agreement would not be extended, and would, therefore, expire at the end of 2012.

Outstanding Equity Awards at 2011 Fiscal Year End

As of December 31, 2011, all option awards are expired.

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The following table shows all outstanding equity awards held by the Named Executive Officers as of December 31, 2011.

	Stock Awards	
Name	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)(1)
Richard S. Warzala	112,692(2)	$ 635,583
Richard D. Smith	46,026(3)	$ 259,587
Kenneth R. Wyman	5,333(4)	$ 30,078

(1) Value is based on the closing price of the Company's common stock of $5.64 on December 31, 2011, as reported on the Nasdaq Global Market.

(2) Performance targets established in 2011 were met as of December 31, 2011 and therefore, 20,000 shares vested February 17, 2012. Assuming continued employment with the Company, 48,013 shares vest on March 31, 2012, 41,346 shares vest on March 31, 2013, and 3,333 shares vest on March 31, 2014.

(3) Performance targets established in 2011 were met as of December 31, 2011 and therefore, 20,000 shares vested February 17, 2012. Assuming continued employment with the Company, 14,680 shares vest on March 31, 2012, 8,013 shares vest on March 31, 2013, and 3,333 shares vest on March 31, 2014.

(4) Assuming continued employment with the Company, 2,001 shares vest on March 31, 2012, 1,999 shares vest on March 31, 2013 and 1,333 shares vest on March 31, 2014.

Option Exercises and Stock Vested in 2011

The following table shows all stock options exercised and value realized upon exercise, and all stock awards vested and value realized upon vesting by the Named Executive Officers during 2011.

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)(1)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)(2)
Richard S. Warzala	60,000	$ 273,600	100,741	$ 709,272
Richard D. Smith	60,000	$ 223,718	67,407	$ 475,934
Kenneth R. Wyman	10,000	$ 37,700	1,000	$ 7,000

(1) Value realized equals the difference between the option exercise price and the fair market value of the Company's common stock on the date of exercise, multiplied by the number of shares for which the option was exercised.

(2) Value realized equals the market value of the Company's common stock on the vesting date, multiplied by the number of shares that vested.

Director Compensation for 2011

The Board of Directors holds four regular full day meetings each year. Through March 2012, non-employee directors received an annual retainer of $20,000, paid quarterly, plus $1,000 per full day meeting of the board attended and $600 per telephone meeting attended. The Audit Committee chairman receives an annual retainer of $7,000, the Compensation Committee and Governance and

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Nominating Committee chairmen each receive an annual retainer of $4,500 and each committee member receives a $1,800 annual retainer, each of which are paid quarterly.

Beginning April 2012, non-employee directors will receive an annual retainer of $22,000, paid quarterly, plus $1,200 per full day meeting of the board attended and $600 per telephone meeting attended. The Audit Committee chairman will receive an annual retainer of $7,200, the Compensation Committee and Governance and Nominating Committee chairmen will each receive an annual retainer of $4,700 and each committee member will receive a $2,000 annual retainer, each of which are paid quarterly.

The following table shows the compensation paid by the Company to non-employee Directors for 2011.

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)(1)	Total ($)
S. R. (Rollie) Heath, Jr.	$ 27,800	$ 21,240	$ 49,040
Delwin D. Hock	$ 33,950	$ 28,320	$ 62,270
Gerald J. (Bud) Laber	$ 34,750	$ 10,620	$ 45,370
George J. Pilmanis	$ 32,175	$ 24,780	$ 56,955
Michel M. Robert	$ 24,250	$ 21,240	$ 45,490

(1) 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.

As of December 31, 2011, all option awards are expired.

The aggregate number of unvested stock awards outstanding for each non-employee director as of December 31, 2011 is shown below:

Name	Number of Shares Unvested Stock Awards
Joseph W. Bagan	(1)
Richard D. Federico	(1)
S. R. (Rollie) Heath, Jr.	5,152
Delwin D. Hock	7,153
Gerald J. (Bud) Laber	6,500
George J. Pilmanis	6.319
Michel M. Robert	5,152

(1) Messrs. Bagan and Federico were elected to the Board of Directors effective February 2012.

The Board approved grants of restricted shares to each of the non-employee directors effective February 24, 2012, with one-third vesting each year on March 31, 2013, 2014 and 2015 as follows: Messrs. Bagan and Federico, 5,000 shares each; Messrs. Hock and Laber, 4,000 shares each; Mr. Pilmanis 3,500 shares; Messrs. Robert and Heath, 3,000 shares each.

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OWNERSHIP OF COMPANY STOCK

Security Ownership of Certain Beneficial Owners

To the best of our knowledge, no person or group (as those terms are used in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended) beneficially owned, as of the Record Date, more than five percent of the shares of Common Stock outstanding, except as set forth in the following table.

Name and Address of Beneficial Owner	Amount of Common Stock Beneficially Owned	Percent of Common Stock(1)
Richard S. Warzala 23 Inverness Way East, Suite 150 Englewood, Colorado 80112	829,111(2)	9.6%
Eugene E. Prince 7560 Panorama Drive Boulder, Colorado 80303	673,580(3)	7.8%
Richard D. Smith 23 Inverness Way East, Suite 150 Englewood, Colorado 80112	652,493(4)	7.6%
J. Landis Martin 200 Fillmore Street, Suite 200 Denver, Colorado 80206	482,408	5.6%

(1) The percentages are based upon 8,644,882 shares of Common Stock outstanding as of the Record Date.

(2) Includes 122,692 shares of Common Stock granted as incentive restricted shares under the Company's stock incentive plans that have not yet vested. Includes 10,332 shares of Common Stock credited to the Company's Employee Stock Ownership Plan ("ESOP") account of Mr. Warzala and 65,501 shares of Common Stock held by Mr. Warzala's children.

(3) Includes 88,800 shares of Common Stock held by the Prince Children's Trusts, of which Mr. Prince's wife is trustee and as to which Mr. Prince disclaims beneficial ownership.

(4) Includes 46,026 shares of Common Stock granted as incentive restricted shares under the Company's stock incentive plans that have not yet vested. Includes 14,439 shares of Common Stock credited to the ESOP account of Mr. Smith and 510,259 shares of Common Stock held by Smith Family Trust, of which Mr. Smith is trustee. Includes 900 shares held by Mr. Smith's wife's IRA.

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Security Ownership of Management and Directors

The following table sets forth certain information available to the Company with respect to shares of Common Stock owned by each director, each nominee for director, each executive officer and all directors, nominees and executive officers as a group, as of the Record Date:

Directors, Nominees and Executive Officers	Amount of Common Stock Beneficially Owned	Percentage of Common Stock(1)
Joseph W. Bagan.	5,000(2)	*
Richard D. Federico	5,000(2)	*
S. R. (Rollie) Heath, Jr.	23,698(3)	*
Delwin D. Hock	58,493(4)	*
Gerald J. (Bud) Laber	17,500(5)	*
George J. Pilmanis	47,009(6)	*
Michel M. Robert	222,380(7)	2.6%
Richard D. Smith	652,493(8)	7.6%
Richard S. Warzala	829,111(9)	9.6%
Kenneth R. Wyman	35,489(10)	*
Employee Stock Ownership Plan	357,971(11)	4.1%
All directors, nominees and executive officers as a group	2,221,655(12)	25.7%

* Less than 1.0%.

(1) The percentages are based upon 8,644,882 shares of Common Stock outstanding as of the Record Date.

(2) Includes 5,000 shares of Common Stock granted as incentive restricted shares under the Company's stock incentive plans that have not yet vested.

(3) Includes 8,152 shares of Common Stock granted as incentive restricted shares under the Company's stock incentive plans that have not yet vested.

(4) Includes 11,153 shares of Common Stock granted as incentive restricted shares under the Company's stock incentive plans that have not yet vested.

(5) Includes 10,500 shares of Common Stock granted as incentive restricted shares under the Company's stock incentive plans that have not yet vested.

(6) Includes 9,819 shares of Common Stock granted as incentive restricted shares under the Company's stock incentive plans that have not yet vested.

(7) Includes 8,152 shares of Common Stock granted as incentive restricted shares under the Company's stock incentive plans that have not yet vested. Includes 160,000 shares held by Mr. Robert's IRA. Includes 46,900 shares held by Mr. Robert's Childrens' trusts, of which Mr. Robert's wife is a co-trustee.

(8)

See note (4) under "Security Ownership of Certain Beneficial Owners."

(9)
See note (2) under "Security Ownership of Certain Beneficial Owners."

(10)
Includes 10,333 shares of Common Stock granted as incentive restricted shares under the Company's stock incentive plans that have not yet vested. Includes 7,718 shares of Common Stock credited to the ESOP account of Mr. Wyman.

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(11) Includes all shares of the Company's ESOP plan of which Mr. Smith could be deemed to have shared investment power as a trustee of the ESOP.

(12) Includes (i) 236,827 shares of Common Stock granted to directors and executive officers as incentive restricted shares under the Company's stock incentive plans that have not yet vested; and (ii) 357,971 shares of Common Stock held by the ESOP as to which Mr. Smith has shared investment power as trustee of the ESOP, which includes 14,439 shares of Common Stock held by the ESOP for the account of Mr. Smith, 10,332 shares of Common Stock held by the ESOP for the account of Mr. Warzala and 7,718 shares of Common Stock held by the ESOP for the account of Mr. Wyman.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires directors and executive officers and persons who own more than ten percent of the Company's Common Stock to report their ownership and any changes in that ownership to the Securities and Exchange Commission. The Company believes that all Section 16(a) filing requirements applicable to its directors, executive officers and greater than ten percent beneficial owners were met for 2011, except that one individual filed one Form 4 to report Common Stock transactions late and one individual filed one Form 5 to report Common Stock transactions that should have been reported earlier.

PROPOSAL TWO: RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the Board of Directors has appointed Ehrhardt Keefe Steiner & Hottman PC (EKS&H) to act as auditors for the fiscal year ending December 31, 2012. EKS&H has served as the independent registered public accounting firm for the Company since 2006. A representative of EKS&H is expected to be present at the Annual Meeting and will have an opportunity to make a statement, if he or she so desires, and will be available to respond to appropriate questions.

At the Annual Meeting, the shareholders will be asked to ratify the selection of EKS&H as the Company's independent registered public accounting firm. Pursuant to the Rules and Regulations of the Securities and Exchange Commission, the Audit Committee has the direct responsibility to appoint, retain, fix the compensation and oversee the work of the Company's independent registered public accounting firm. Consequently, the Audit Committee will consider the results of the shareholder vote on ratification, but will exercise its judgment, consistent with its primary responsibility, on the appointment and retention of the Company's independent auditors.

The affirmative vote of a majority of the votes cast on the proposal, assuming a quorum is present at the Meeting, is required to ratify the appointment of EKS&H. The directors of the Company unanimously recommend a vote "FOR" the ratification of EKS&H as the Company's independent registered public accounting firm for 2012. Unless otherwise instructed, proxies will be voted "FOR" ratification of the appointment of EKS&H.

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The following table shows the fees paid by the Company for the audit and other services provided by EKS&H for 2011 and 2010.

	2011	2010
Audit Fees(1)	$ 191,000	$ 180,000
Audit-Related Fees(2)	31,000	31,000
Tax Fees(3)	125,159	58,250
Total	$ 347,159	$ 269,250

(1) Audit fees include amounts related to professional services provided in connection with the audits of the Company's annual financial statements, reviews of the Company's quarterly financial statements and audit services provided in connection with other regulatory filings,

(2) Audit-related fees consist of benefit plan audits.

(3) Tax fees include fees for tax compliance and tax consulting. In 2011, approximately $71,000 of Tax fees related to International Tax Planning.

The Audit Committee of the Board has adopted policies and procedures providing for the pre-approval of audit and non-audit services performed by the Company's independent registered public accounting firm. Pre-approval may be given as part of the Audit Committee's approval on the engagement of the independent auditor or on an individual case-by-case basis before the independent auditor is engaged to provide each service. The pre-approval of services may be delegated to the Audit Committee chairman, but the decision is subsequently reported to the full Audit Committee.

The Audit Committee has considered whether provision of the non-audit related services described above is compatible with maintaining the independent accountants' independence and has determined that those services have not adversely affected EKS&H's independence.

The affirmative vote of a majority of the votes cast on the proposal, assuming a quorum is present at the Meeting, is required to ratify the appointment of Ehrhardt Keefe Steiner & Hottman PC as the Company's independent public accounting firm for 2012.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" THE RATIFICATION. UNLESS OTHERWISE INSTRUCTED, PROXIES WILL BE VOTED "FOR" THE RATIFICATION.

OTHER MATTERS

Our management does not know of any other matters to come before the 2012 Annual Meeting. However, if any other matters come before the Annual Meeting, it is the intention of the persons designated as proxies to vote in accordance with their judgment on such matters.

SHAREHOLDER PROPOSALS FOR THE 2013 ANNUAL MEETING

Proposals for the Company's Proxy Material

Any Company shareholder who wishes to submit a proposal to be included in the Proxy Material for the Company's 2013 Annual Meeting of Shareholders must submit such proposal to the Company at its office at 23 Inverness Way East, Suite 150, Englewood, Colorado 80112, Attention: Secretary, no later than November 22, 2012, in order to be considered for inclusion, if appropriate, in the Company's proxy statement and form of proxy relating to its 2013 Annual Meeting of Shareholders.

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Proposals to be Introduced at the Annual Meeting but not Intended to be Included in the Company's Proxy Material

For any shareholder proposal to be presented in connection with the 2013 Annual Meeting of Shareholders, including any proposal relating to the nomination of a director to be elected to the Board of Directors of the Company, a shareholder must give timely written notice thereof in writing to the Secretary of the Company in compliance with the advance notice and eligibility requirements contained in the Company's Bylaws. To be timely, a shareholder's notice must be delivered to the Secretary at the principal executive offices of the Company not less than 60 days and not more than 90 days prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event the date of the annual meeting has been changed by more than 30 days from the date contemplated at the time of the previous year's proxy statement, notice by the shareholder to be timely must be so received at a reasonable time before the solicitation is made. The notice must contain specified information about each nominee or the proposed business and the shareholder making the nomination or proposal.

Based upon a meeting date of May 9, 2013 for the 2013 Annual Meeting of Shareholders, a qualified shareholder intending to introduce a proposal or nominate a director at the 2013 Annual Meeting of Shareholders should give written notice to the Company's Secretary not later than March 10, 2013 and not earlier than February 8, 2013.

The specific requirements of these advance notice and eligibility provisions are set forth in Article II of the Company's Bylaws, a copy of which is available upon request.

Such requests and any shareholder proposals should be sent to the Secretary of the Company at 23 Inverness Way East, Suite 150, Englewood, Colorado 80112.

BY ORDER OF THE BOARD OF DIRECTORS

SUSAN M. CHIARMONTE
Secretary

March 16, 2012

ALLIED MOTION TECHNOLOGIES INC.

23 Inverness Way East, Ste. 150
Englewood, CO 80112

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints Delwin D. Hock and Richard D. Smith, or either of them, proxies of the undersigned, each with the power of substitution, and hereby authorizes them to vote, as designated below, all the shares of common stock, no par value, of the undersigned at the annual meeting of shareholders of Allied Motion Technologies Inc. (the "Company") to be held on May 10, 2012, and at all adjournments thereof, with respect to the following:

(Continued and to be signed on the reverse side.)

ANNUAL MEETING OF SHAREHOLDERS OF
ALLIED MOTION TECHNOLOGIES INC.
MAY 10, 2012

NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIAL:
The Notice of Meeting, proxy statement and proxy card are available at
https://materials.proxyvote.com/019330

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "*FOR*" EACH NOMINEE NAMED AND "*FOR*" ALL OTHER PROPOSALS

PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE.
PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE ý

Item 1. To elect nine directors to hold office until the next Annual Meeting of shareholders.

NOMINEES:

B.W. Bagan, R.D. Federico, S.R. Heath, Jr., D. D. Hock, G.J. Laber, G. J. Pilmanis, M.M. Robert, R.D. Smith, R.S. Warzala

o **FOR ALL NOMINEES**

o **WITHHOLD AUTHORITY**
for all nominees

o **FOR ALL EXCEPT**
(See instructions below)

INSTRUCTIONS: To withhold authority to vote for any individual nominee(s), mark **"FOR ALL EXCEPT"** and print that nominee's name in the space provided below. **IF AUTHORITY TO VOTE FOR NOMINEES IS NOT EXPRESSLY WITHHELD, IT SHALL BE DEEMED GRANTED.**

____

Item 2. RATIFICATION OF THE APPOINTMENT OF THE COMPANY'S INDEPENDENT PUBLIC ACCOUNTING FIRM FOR 2012

o FOR o AGAINST o ABSTAIN

This proxy is being solicited on behalf of the Board of Directors of the Company, and may be revoked prior to its exercise. This proxy, when properly executed, will be voted as directed above by the undersigned shareholder. If no direction is made, it will be voted FOR the nominees named in Item 1 and FOR ratification in Item 2. In their discretion, the proxies are authorized to vote upon such other business as may properly come before the Annual Meeting.

PLEASE SIGN AND RETURN THIS PROXY IN THE ENCLOSED POSTAGE PAID ENVELOPE AS PROMPTLY AS POSSIBLE.

Signature of Shareholder: ________	Date: ____	Signature of Shareholder: ________	Date: ____

Note:

Please sign exactly as your name appears on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.