

ARGAN INC
Form DEF 14A
May 08, 2015

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 Pursuant to §240.14a-12

Argan, Inc.

(Name of Registrant as Specified In Its Charter)

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

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

One Church Street
Suite 201
Rockville, MD 20850
301-315-0027
fax 301-315-0064
www.arganinc.com
May 6, 2015

Dear Fellow Argan, Inc. Stockholder:

You are cordially invited to attend our 2015 Annual Meeting of Stockholders to be held on Wednesday, June 24, 2015, at 11:00 a.m. local time, in the Jefferson Room of the Hilton Washington, DC/Rockville Hotel and Executive Meeting Center, located at 1750 Rockville Pike, Rockville, Maryland 20852-1699. The matters to be acted upon at the meeting are described in detail in the accompanying notice of annual meeting of stockholders and proxy statement.

We are pleased to be using the Securities and Exchange Commission rule that allows companies to furnish proxy materials to their stockholders primarily over the Internet. We believe that this process should expedite stockholders receipt of proxy materials, lower the costs of the annual meeting and also help to conserve natural resources by reducing the use of paper. On or about May 15, 2015, we will mail our stockholders a Notice of Internet Availability of Proxy Materials (the "Notice") containing instructions on how to access our 2015 Proxy Statement and 2015 Annual Report and how to vote online. The Notice also includes instructions on how to request a paper copy of the proxy materials, including the notice of annual meeting, proxy statement, annual report and proxy card.

Whether or not you plan to attend the meeting, your vote is important and we encourage you to review our proxy materials and promptly cast your vote using the instructions provided in the Notice. You may vote your shares over the Internet or via a toll-free telephone number. Alternatively, if you requested or received a paper copy of the proxy materials by mail, you may vote over the Internet, you may vote by telephone, or you may sign, date and mail the proxy card in the envelope provided. Instructions regarding the three methods of voting are contained in the Notice and proxy card.

As described in the accompanying proxy statement, the Company's Board of Directors has approved the matters included in the proposals presented there, and believes that they are fair to, and in the best interests of, the Company's stockholders. Thank you for your continued support of Argan, Inc. and I look forward to seeing you on June 24th.

Very truly yours,

Rainer H. Bosselmann
Chief Executive Officer

Argan, Inc.

One Church Street, Suite 201

Rockville, Maryland 20850

Notice of

Annual Meeting of Stockholders

to Be Held Wednesday, June 24, 2015

To Our Stockholders:

Our 2015 Annual Meeting of Stockholders (the Annual Meeting) will be held on June 24, 2015 at 11:00 a.m., local time, in the Jefferson Room of the Hilton Washington, DC/Rockville Hotel and Executive Meeting Center, located at 1750 Rockville Pike, Rockville, Maryland 20852-1699, for the following purposes:

1. To elect nine directors to our Board of Directors, each to serve until our 2016 Annual Meeting of Stockholders and until his/her successor has been elected and qualified or until his/her earlier resignation, death or removal;
2. To approve the amendment of the Company s 2011 Stock Plan (the Stock Plan) in order to increase the total number of shares of the Company s common stock reserved for issuance under the Stock Plan from 1,250,000 shares to 2,000,000 shares;
3. To hold a non-binding advisory vote on our executive compensation (the say-on-pay vote);
4. To ratify the appointment of Grant Thornton LLP as our independent registered public accountants for the fiscal year ending January 31, 2016; and
5. To transact any other business that may properly come before the 2015 Annual Meeting of Stockholders or any adjournment or postponement of the meeting.

These items of business are more fully described in the accompanying proxy statement. Only stockholders of record at the close of business on May 5, 2015 are entitled to notice of and to vote at the Annual Meeting or any adjournment or postponement of the Annual Meeting.

Your vote is important. Whether or not you plan to attend the Annual Meeting in person, please cast your vote via either the Internet, telephone or mail before the Annual Meeting so that your shares will be represented at the Annual Meeting.

BY ORDER OF THE BOARD OF
DIRECTORS,

Cynthia A. Flanders
Corporate Secretary

Rockville, Maryland

May 6, 2015

Argan, Inc.

One Church Street, Suite 201

Rockville, Maryland 20850

Proxy Statement

May 6, 2015

The accompanying proxy is solicited on behalf of the Board of Directors of Argan, Inc., a Delaware corporation (referred to herein as *Argan* or the *Company*), for use at the 2015 Annual Meeting of Stockholders (the *Annual Meeting*) to be held on June 24, 2015, at 11:00 a.m., local time, in the Jefferson Room of the Hilton Washington, DC/Rockville Hotel and Executive Meeting Center, located at 1750 Rockville Pike, Rockville, Maryland 20852-1699. This proxy statement for 2015 (the *Proxy Statement*) and the accompanying proxy card are being mailed starting on or about May 15, 2015 to stockholders of record on May 5, 2015. Our Annual Report on Form 10-K for the fiscal year ended January 31, 2015 (the *Annual Report*) is enclosed with the Proxy Statement. At the Annual Meeting, stockholders will be asked to consider and vote upon the following four matters, and to transact any other business that may properly come before the Annual Meeting.

1. The election of nine directors to our Board of Directors, each to serve until our 2016 Annual Meeting of Stockholders and until his/her successor has been elected and qualified or until his/her earlier resignation, death or removal;
2. The approval of the amendment of the Company's 2011 Stock Plan (the *Stock Plan*) in order to increase the total number of shares of the Company's common stock reserved for issuance under the Stock Plan from 1,250,000 shares to 2,000,000 shares;
3. The non-binding advisory approval of our executive compensation as described in this Proxy Statement (the *say-on-pay* vote); and
4. The ratification of the appointment of Grant Thornton LLP as our independent registered public accountants for the fiscal year ending January 31, 2016.

If a proxy is properly executed and returned to the Company via either the Internet, telephone or mail in time for the Annual Meeting and is not revoked prior to the time it is exercised, the shares represented by the proxy will be voted in accordance with the directions specified therein for the matters listed on the proxy card. Unless the proxy specifies that it is to be voted against or is an abstention on a listed matter, proxies will be voted **FOR** the election to our Board of Directors of each of the nine nominees identified in Proposal 1; **FOR** Proposals 2, 3 and 4; and otherwise in the discretion of the proxy holders as to any other matter that may be properly brought before the Annual Meeting.

INFORMATION CONCERNING VOTING AND PROXY SOLICITATION

Internet Availability of Proxy Materials

As permitted by rules of the Securities and Exchange Commission (the SEC), we are making our Proxy Statement and Annual Report available to our stockholders primarily via the Internet, rather than mailing printed copies of these materials to each stockholder. We believe that this process will expedite stockholders' receipt of proxy materials, lower the costs of the Annual Meeting and help to conserve natural resources.

On or about May 15, 2015, we will begin mailing to each stockholder (other than those who previously requested electronic delivery of all materials or previously elected to receive delivery of a paper copy of the proxy materials) a Notice of Internet Availability of Proxy Materials (the Notice) containing instructions on how to access and review the proxy materials on the Internet, including our Proxy Statement and Annual Report for the current year, and how to access an electronic proxy card to vote on the Internet or by telephone. The Notice will also contain instructions on how to receive a paper copy of the proxy materials. If you receive a Notice by mail, you will not receive a printed copy of the proxy materials unless you request one. If you receive a Notice by mail and would like to receive a printed copy of our proxy materials, please follow the instructions included in the Notice.

If the shares you own are held in street name by a bank or brokerage firm, they may provide you with a Notice. Follow the instructions on that Notice to access our proxy materials and vote online, or to request a paper copy of our proxy materials. If you received these materials in paper form, the materials should include a voting instruction card so you can instruct your broker, bank or other holder of record how to vote your shares.

Voting

Each stockholder is entitled to one vote for each share of Argan, Inc. common stock (Common Stock) that the stockholder owns as of May 5, 2015 with respect to all matters presented at the Annual Meeting. Stockholders do not have the right to cumulate their votes in the election of directors.

Record Date

Only stockholders of record at the close of business (5:00 p.m. EDT) on May 5, 2015 (the Record Date) are entitled to notice of and to vote at the Annual Meeting and at any adjournment or postponement thereof. Stockholders of record will be entitled to one vote for each share of Common Stock held. For information regarding holders of more than 5% of the outstanding Common Stock, see the Principal Stockholders chart included herein.

Outstanding Shares

At the close of business on the Record Date, May 5, 2015, there were 14,668,951 shares of Common Stock outstanding. The closing price of our Common Stock on the Record Date, as reported by the NYSE, was \$32.24 per share.

Quorum; Effect of Abstentions and Broker Non-Votes

A majority of the shares of Common Stock outstanding on the Record Date, present in person or represented by proxy, will constitute a quorum for the transaction of business at the Annual Meeting. If stockholders indicate on their proxy card that they wish to abstain from voting, including brokers holding their customers' shares of record who cause abstentions to be recorded, these shares are considered present and entitled to vote at the Annual Meeting. These shares will count toward determining whether or not a quorum is present. However, these shares will not be taken into account in determining the outcome of any of the proposals.

If a stockholder does not give a proxy to his/her broker with instructions as to how to vote the shares, the broker has authority under New York Stock Exchange (NYSE) rules to vote those shares for or against routine matters, such as the ratification of Grant Thornton LLP as our independent registered public accountants. Brokers cannot vote on their customers' behalf on non-routine proposals. If a broker votes shares that are unvoted by its customers for or against routine proposals, these shares are counted for the purpose of determining the outcome of such routine proposals as well as for the purpose of establishing a quorum.

Broker non-votes occur when shares held by a broker for a beneficial owner are not voted with respect to a particular proposal because (1) the broker holding shares in street name for the beneficial owner thereof does not receive voting instructions from the beneficial owner, and (2) the broker lacks discretionary authority to vote the shares. Banks and brokers cannot vote on their clients' behalf on non-routine proposals. Therefore, broker non-votes are not counted for the purpose of determining whether stockholders have approved these types of matters. For the purpose of determining whether stockholders have approved a matter, abstentions are treated as shares present or represented.

Among other matters, the NYSE rules do not grant brokers discretionary authority to vote on the election of directors, the amendment of stock option plans or any proposal to approve the compensation of named executive officers. Therefore, if you hold your shares of Common Stock in street name and do not provide

voting instructions to your broker, your shares will not be voted in these matters. We urge you to promptly provide voting instructions to your broker to ensure that your shares are voted in these matters. Please follow the instructions set forth in the Notice provided by your bank or broker.

The effects of broker non-votes and abstentions (i.e. if you or your broker mark ABSTAIN on a proxy card) on the counting of votes for each proposal are described below.

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Voting Rights; Required Vote

Holders of Common Stock are entitled to one vote for each share held as of the Record Date. The votes required to approve each proposal are as follows:

Election of Directors. Directors will be elected by a plurality of the votes of the shares present in person or represented by proxy at the Annual Meeting and entitled to vote in the election of directors which is considered a non-routine matter. Abstentions and broker non-votes will not be taken into account in determining the outcome of the election of directors.

Approval of the Amendment to the 2011 Stock Plan. Approval of this non-routine matter requires the affirmative vote by holders of at least a majority of the shares of Common Stock who attend the Annual Meeting in person, or are represented at the Annual Meeting by proxy. Abstentions will have the effect of a vote against this proposal, while broker non-votes will not be taken into account in determining the outcome of the vote on this proposal.

The Say-on-Pay Vote. This matter is considered non-routine. As such, approval of the say-on-pay proposal requires the affirmative vote by holders of at least a majority of the shares of Common Stock who attend the Annual Meeting in person, or are represented at the Annual Meeting by proxy. Abstentions will have the effect of a vote against this proposal. Broker non-votes will not be taken into account in determining the outcome of the vote on this matter.

Ratification of Accountants. Approval of this proposal, which is considered to be routine, requires the affirmative vote by holders of at least a majority of the shares of Common Stock who attend the Annual Meeting in person, or are represented at the Annual Meeting by proxy. Abstentions will have the effect of a vote against this proposal, while broker non-votes will not be taken into account in determining the outcome of the vote on this proposal.

You may revoke your proxy at any time before it is voted by delivering written notice of revocation to the Corporate Secretary at Argan, Inc., One Church Street, Suite 201, Rockville, Maryland 20850, by executing and delivering a subsequently dated proxy, or by attending the Annual Meeting and voting in person. Proxies solicited by our Board of Directors will be voted in accordance with the directions given therein. Unless so revoked, the shares represented by such proxies will be voted at the Annual Meeting and all adjournments thereof. Where no instructions are indicated, proxies will be voted in accordance with the recommendations of the Board of Directors with respect to the proposals described herein.

A quorum of stockholders is necessary to take action at the Annual Meeting. The presence, in person or by proxy, of the holders of a majority of the shares of Common Stock entitled to vote at the meeting will constitute a quorum. Votes cast by proxy or in person at the meeting will be tabulated by the inspector of elections appointed for the Annual Meeting and will be counted as present for purposes of determining whether a quorum is present. The inspector of elections will treat broker non-votes as present and entitled to vote for purposes of determining whether a quorum is present.

Our Named Executive Officers and the members of our Board of Directors will vote the shares of Common Stock beneficially owned or controlled by them (representing approximately 9.73% of the shares of Common Stock issued and outstanding as of January 31, 2015) in favor of each of the proposals discussed above.

Voting of Proxies

If you complete and return a proxy pursuant to the appropriate instructions, it will be voted in accordance with the specifications made on the proxy card. If no specification is made on a submitted proxy, the shares represented by the proxy will be voted FOR the election to the Board of Directors of each of the nine nominees named on the proxy card; FOR Proposals 2, 3 and 4; and otherwise at the discretion of the proxy holders for any other matter that may be properly brought before the Annual Meeting. If you attend the Annual Meeting, you may also vote in person, and any previously submitted votes will be superseded by the vote you cast in person at the Annual Meeting.

Adjournment of Meeting

If a quorum is not present to transact business at the Annual Meeting or if we do not receive sufficient votes in favor of the proposals by the date of the Annual Meeting, the persons named as proxies may propose one or more adjournments of the meeting to permit solicitation of proxies. Any adjournment would require the affirmative vote of a majority of the shares present in person or represented by proxy at the Annual Meeting.

Expenses of Soliciting Proxies

After the original mailing of the proxy cards and other soliciting materials, we will request that brokers, custodians, nominees and other record holders of our Common Stock forward copies of the proxy cards and other soliciting materials to persons for whom they hold shares and request authority for the exercise of proxies. We may reimburse brokers, nominees and other fiduciaries for their reasonable expenses in forwarding proxy materials to beneficial owners.

We and/or our agents may also solicit proxies by mail, telephone, telegraph, facsimile, e-mail or in person. The other expenses of solicitation, including the cost of printing and mailing, will be paid by us.

Revocability of Proxies

Any person submitting a proxy via the Internet, telephone or mail has the power to revoke it at any time before it is voted. A proxy may be revoked by submitting a properly completed proxy with a later date, by delivering a written notice of revocation to Continental Stock Transfer & Trust Company (our stock transfer agent) at 17 Battery Place, New York, New York 10004 or to the Corporate Secretary at Argan, Inc., One Church Street, Suite 201, Rockville, Maryland 20850, or by attending the Annual Meeting and voting in person.

The mere presence at the Annual Meeting of a stockholder who has previously appointed a proxy will not revoke the appointment. Please note, however, that if a stockholder's shares are held of record by a broker, bank or other nominee and that stockholder wishes to vote at the meeting, the stockholder must bring to the Annual Meeting a letter from the broker, bank or other nominee confirming the stockholder's beneficial ownership of the Common Stock and that the broker, bank or other nominee is not voting the shares at the Annual Meeting.

PROPOSAL NO. 1

ELECTION OF DIRECTORS

The members of our Board of Directors are elected annually and hold office until the next annual meeting of stockholders and until their successors have been elected and shall have been qualified. Vacancies and newly-created directorships resulting from any increase in the number of authorized directors may be filled by a majority vote of the directors then in office.

At the Annual Meeting, our stockholders are being asked to elect nine individuals to our Board of Directors, all of whom currently serve in that capacity. Unless a stockholder withholds authority, the holders of proxies representing shares of Common Stock will vote **FOR** the election of each of the nominees listed below.

Proxies cannot be voted for a greater number of persons than the number of nominees named. If any nominee for any reason is unable to serve or for good cause will not serve, the proxies may be voted for such substitute nominee as the proxy holder may determine. We are not aware of any nominee who will be unable to or for good cause will not serve as a member of our Board of Directors. However, if a nominee shall be unavailable for any reason, then the proxies may be voted for the election of such person as may be recommended by the Board of Directors.

Directors/Nominees

The names of the nominees, their ages as of April 30, 2015, and certain information about them are set forth below:

| Name | Age | Position |
|-------------------------|------------|-----------------------|
| Rainer H. Bosselmann | 72 | Chairman of the Board |
| Henry A. Crumpton | 58 | Director |
| Cynthia A. Flanders | 60 | Director |
| | | |
| Peter W. Getsinger | 63 | Director |
| William F. Griffin, Jr. | 60 | Director |
| William F. Leimkuhler | 63 | Director |
| W.G. Champion Mitchell | 68 | Director |
| James W. Quinn | 57 | Director |
| Brian R. Sherras | 57 | Director |

Rainer H. Bosselmann. Mr. Bosselmann has been a director and Chairman of the Board of Directors since May 2003 and our Chief Executive Officer since October 2003. Mr. Bosselmann was a director and Vice Chairman of the Board from January 2003 to May 2003. Mr. Bosselmann was Chairman of the Board, Chief Executive Officer and a director of Arguss Communications, Inc. (Arguss), a telecommunications infrastructure company listed on the New York Stock Exchange, from 1996 through 2002 and President of Arguss from 1997 through 2002. Mr. Bosselmann currently serves as a director of The Roberts Company (since 2008), a privately owned firm. Mr. Bosselmann served as a director of Midasco LLC from 2008 until 2011 and Morgan Contracting Inc. from 2010 until 2013, both privately owned firms.

Mr. Bosselmann's long tenure as CEO and Chairman positions him to contribute to the Board his extensive knowledge of the Company, its history and development, and to provide critical continuity to the Board of Directors. As CEO of Arguss and then the Company, he has developed substantial expertise in managing public companies with diverse and remotely-located business operations, and in identifying, executing and integrating acquisitions. He possesses the leadership skills that are important to the Board of Directors and the Company.

Henry A. Crumpton. Ambassador Crumpton has been a member of our Board of Directors since February 2008. Ambassador Crumpton has been President of the Crumpton Group since February 2007. He was Ambassador-at-Large for Counterterrorism at the United States Department of State from August 2005 to February 2007. Ambassador Crumpton was Chief of the National Resources Division at the Central Intelligence Agency from 2003 to August 2005.

Ambassador Crumpton's distinguished career as a senior official for a variety of federal agencies in various positions has provided him with extensive experience in executive management. He has demonstrated success in assembling teams of diverse, high-level individuals and in directing their efforts to achieve specific objectives. In addition, the Board values his expertise and experience with the development, coordination and implementation of important organizational policies.

Cynthia A. Flanders. Ms. Flanders has been a member of our Board of Directors since April 2009 and our Chief Financial Officer since January 2015. Since October 2013, she has served as a Senior Advisor for Verit Advisors LLC, an independent investment bank advisory firm that specializes in ESOPs and other ownership transitions. From 1975 through 2009, Ms. Flanders held a series of positions of increasing responsibility with Bank of America and its predecessor organizations (the Bank). Ultimately, she served as the Global Commercial Banking Executive for the Bank's Mid-Atlantic region overseeing eight commercial banking markets and over 80 client teams delivering a full

array of financial services to over 6,000 small, middle market and micro cap clients in the Mid-Atlantic region.

With her long career at the Bank, Ms. Flanders brings to the Board and the Company considerable experience in executive management and strategic planning, as well as expertise in financial analysis, capital structuring and due diligence investigations. Her many years of lending to businesses in the Mid-Atlantic region have provided her with a unique understanding of our business and the construction industry. In addition, she represents an important resource for consultation regarding commercial banking matters.

Peter W. Getsinger. Mr. Getsinger has been a member of our Board of Directors since his appointment in November 2014. Mr. Getsinger is the managing partner, founder, and chief investment officer of Nexstar Capital Partners LLC (a SEC registered firm), an alternative investment management firm that is focused on investing in emerging markets with a primary concentration in Latin America. The firm commenced operations in March of 2004, receiving its initial investment capital from the Griswold family, formerly the controlling shareholders of Alex Brown in Baltimore. In 2005, the firm purchased a 67% ownership interest in Emdersa Group, the fourth largest electricity distribution company in Argentina (servicing San Luis, la Rioja, and Salta provinces) and acquired a similar ownership interest (2007) in Electro Dunas S.A. (also an electricity distributor servicing the southwest of Peru and one of four privatized distribution companies in that country). Mr. Getsinger continues to serve as a board member and senior advisor of Electro Dunas and Dunas Energia.

Prior to forming Nexstar, Mr. Getsinger was head of global investment banking for Latin America at Deutsche Bank. He held the same role at Bankers Trust Company in addition to running the global project finance business. He previously served as Senior Vice President and head of fixed income sales for the UK, Europe, and Middle East at Lehman Brothers. Mr. Getsinger is also a former director and owner of GPU Argentina Holdings, Inc.

Mr. Getsinger brings a significant amount of business experience to our Board along with deep financial and diverse banking expertise. Because of his experience with Electro Dunas S.A., he provides additional power industry knowledge to the Board. Mr. Getsinger has a strong background in international markets and his leadership in providing global investment banking services will be valuable to the Board in matters relating to strategic planning and potential overseas expansion.

William F. Griffin, Jr. Mr. Griffin was appointed to the Board of Directors in April 2012. He is a co-founder of Gemma Power Systems, LLC and its affiliated companies (Gemma), all wholly-owned subsidiaries of Argan since their acquisition in December 2006. Mr. Griffin is a veteran of power plant construction with over 35 years of related experience. He has been Vice Chairman of Gemma since November 2007 and Chief Executive Officer of Gemma since September 2008. From September 2008 to January 2009, he was also President of Gemma. From December 2006 to November 2007, he was Chief Executive Officer of Gemma. Under Mr. Griffin's leadership, Gemma has broadened its activities into the growing renewable energy industry by providing engineering, procurement and construction services to the owners of alternative energy power plants, including biomass, wind and solar facilities. The revenues of Gemma represented approximately 98% of our consolidated revenues for the year ended January 31, 2015.

Mr. Griffin has significant senior executive experience in the energy-related construction sector. Also, as the only member of the senior management of one of our operating companies to serve on our Board, Mr. Griffin contributes an in-depth understanding of our business not easily attainable by an outside member of our Board. Based on the extent of his experience, the Board of Directors benefits from Mr. Griffin making important and savvy contributions to its deliberations regarding our strategic direction, our commitment to certain business development efforts and the identification of future construction project opportunities.

William F. Leimkuhler. Mr. Leimkuhler has been a member of our Board of Directors since June 2007. He has been General Counsel and Director of Business Development of Paice Corporation, a privately held developer of hybrid electric powertrains, since 1999. Mr. Leimkuhler also advises a number of technology-based companies on business, financial and legal matters. From 1994 through 1999, he held various positions with Allen & Company LLC (Allen), a New York investment banking firm, initially serving as the firm's General Counsel. Prior to that, Mr. Leimkuhler was a corporate partner with the New York law firm of Werbel & Cernelutti. In November 2013, Mr. Leimkuhler joined the board of directors of Northern Power Systems Corp. (TSX: NPS), which designs, manufactures and services wind turbines, and was appointed chairman in December 2013. He serves on the audit and compensation and corporate governance committees of this board. Mr. Leimkuhler is also a director of U.S. Neurosurgical, Inc. (OTCBB: USNU). He served as a director of Integral Systems, Inc. (NASDAQ: ISYS) and Speedus Corp. (NASDAQ: SPDE) for over

five (5) years until 2011.

The experience that Mr. Leimkuhler has developed as a legal executive with an investment banking firm, a securities law firm partner and a board member for other public companies makes him a valuable member of our Board, and a well-qualified Audit Committee chairman. He is a respected source of legal guidance to the members of the executive management team and the members of our Board of Directors and provides special insight to them on matters relating to financial reporting and corporate governance requirements.

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W.G. Champion Mitchell. Mr. Mitchell has been a member of our Board of Directors since October 2003. From January 2003 until March 2008, Mr. Mitchell was Chairman of the Board and Chief Executive Officer of Network Solutions, Inc. which was engaged in the creation, marketing and management of digital identity and web presence products. From 2001 to 2003, Mr. Mitchell was Executive Vice President and General Manager, Mass Markets Division, of VeriSign Inc. which is a provider of critical Internet infrastructure services. From 1999 to 2000, Mr. Mitchell was Chairman, President and Chief Executive Officer of Convergence Equipment Company, a telephony switch manufacturer. Mr. Mitchell currently serves as a director of two privately-held companies, Direct Brands, Inc. and The 41st Parameter, Inc. He is also a member of the board of governors of RTI International, a leading independent, nonprofit research and development organization.

Mr. Mitchell brings to the Board business leadership skills honed as a former chief executive officer for a series of companies. This background makes him a valuable source of advice and consultation for the management team and the other members of the Board as we address the contemporary issues facing public companies today. His many years of experience as a corporate executive and his length of service on our Board provide him with a unique capability to assess the needs of the Board and to evaluate the value of potential Board members, and with substantial insight into management, operational and financial matters, and knowledge of market conditions and trends.

James W. Quinn. Mr. Quinn has been a member of our Board of Directors since May 2003. Mr. Quinn is currently a Managing Director of Allen. Since 1982, Mr. Quinn has served in various capacities at Allen and its affiliates, including head of the Corporate Syndicate Department and Chief Financial Officer for approximately ten years. Mr. Quinn served as a director of Arguss from 1999 through 2002. He also serves as a director on the boards of several privately held companies and charitable organizations.

Mr. Quinn's experience with financial and investment banking matters at Allen and his terms of service on the boards of the Company and Arguss make him a valued member of our Board and chair of the Board's Compensation Committee. His many years of experience allow him to counsel the Board on matters such as executive compensation, mergers and acquisitions, capital structure, financings and strategic planning and to provide insightful views on public company reporting matters and general business trends.

Brian R. Sherras. Mr. Sherras was appointed to our Board of Directors in March 2012. He holds the position of Director - Sales and Business Development for Atlantic Projects Company Ltd. (APC), a management-owned limited liability company registered in Ireland that provides construction, engineering and maintenance services to the power generation sector with a historical focus on the installation of gas and steam turbines for combined cycle natural gas-fired power plants. He is responsible for global sales and business development. Prior to joining APC in 1999, Mr. Sherras held a succession of technical and management positions with the Power Systems group of General Electric Company.

The significance of Mr. Sherras' experience in our industry makes him an important member of our Board of Directors as we consider various opportunities to expand our business. His wealth of knowledge about the construction of turbine-based power plants, especially overseas projects, is a valuable element in the spectrum of business experience represented by the members of our Board of Directors.

Composition of Board of Directors

The number of directors which shall constitute the whole Board of Directors shall be not less than four or more than ten. The nine current directors will stand for re-election at the Annual Meeting as described in this Proxy Statement.

Director Attendance at the Annual Meeting

All of our directors attended last year's annual meeting, and we expect that all of our directors will attend this year's Annual Meeting.

Board of Directors Meetings and Committees

During the fiscal year ended January 31, 2015, the Board of Directors met four (4) times, and acted by unanimous written consent on one (1) other occasion. All Board members were present for the meetings held during the year or participated by telephone conference.

Currently, the Board has four standing committees: the Executive Committee, the Audit Committee, the Compensation Committee, and the Nominating/Corporate Governance Committee. The functions of each of these committees and their members are specified below. The latter three committees operate under updated written charters which were reviewed and affirmed by the Board in June 2013 in order to meet the requirements of the New York Stock Exchange Listed Company Manual. These charters, as well as the Board's Governance Guidelines, are available on our website at www.arginc.com.

The members of the Executive Committee are Messrs. Bosselmann (who is the chairman of this committee), Mitchell and Quinn. This committee is authorized to exercise the general powers of the Board of Directors in managing the business and affairs of the Company between meetings. It was not necessary for the Executive Committee to hold any meetings during the fiscal year ended January 31, 2015.

The members of the other three currently standing committees are identified in the following table.

| Director | Audit Committee | Compensation Committee | Nominating/ Corporate Governance Committee |
|------------------------|----------------------------|-----------------------------------|---|
| Henry A. Crumpton | | | Member |
| Peter W. Getsinger | Member | Member | |
| William F. Leimkuhler | Chairman | Member | |
| W.G. Champion Mitchell | Member | | Chairman |
| James W. Quinn | | Chairman | Member |

The Board has determined that the following members of the Board are independent directors, as such term is defined in Section 303A of the NYSE Listed Company Manual: Messrs. Getsinger, Leimkuhler, Mitchell, Quinn, and Ambassador Crumpton. The independent directors meet from time to time in executive session without the other members.

Audit Committee. During the fiscal year ended January 31, 2015, the Audit Committee met five (5) times by telephone conference. All members participated in each of these meetings. The members of the Audit Committee are all independent directors under applicable SEC and stock exchange rules. In addition, the Board of Directors has determined that at least one of the independent directors serving on the Audit Committee, Mr. Leimkuhler, is an audit committee financial expert, as that term has been defined by SEC rules.

The original written charter of the Audit Committee was adopted in October 2003. The charter was most recently updated and approved by the Board in June 2013. The Audit Committee assists the full Board of Directors in its oversight responsibilities relating to the integrity of our published consolidated financial statements, our financial disclosure controls and our system of internal control over financial reporting. This group considers and approves the employment of, and approves the fee arrangements with, independent registered public accountants for audit and other nonaudit services.

The Audit Committee meets with members of management and representatives of our independent registered public accounting firm in order to review the overall plan for the annual independent audits including the scope of audit testing and any other factors that may affect the effectiveness of the audits. The Audit Committee discusses with management and the auditors our major financial and operating risks, the steps that management has taken to monitor and manage such exposures, the results of the quarterly reviews and annual audits and any other matters required to be communicated to the Audit Committee pursuant to generally accepted auditing standards, the securities laws or listing standards. At the end of each of the first three quarters and subsequent to year-end, the members of the Audit Committee meet with management and the independent auditors to review the adequacy and accuracy of the

information included in the applicable SEC filing including the disclosures made in the Management's Discussion and Analysis of Financial Condition and Results of Operations section of each filing.

The expanded responsibilities of the Audit Committee now include requirements to meet with representatives of our internal auditing firm in order to review the scope of its annual audit plan and the results of its testing including the identification of any significant deficiencies or material weaknesses in the system of internal control over financial reporting and the discovery of any fraud regardless of materiality.

In addition, the Audit Committee maintains our procedures covering the receipt, retention and treatment of complaints we receive regarding accounting, internal controls or auditing matters, and the confidential or anonymous submissions by employees expressing concerns regarding questionable accounting or auditing practices.

Compensation Committee. The members of the Compensation Committee held telephone discussions during and subsequent to the year ended January 31, 2015, primarily to evaluate the elements of compensation for our executive officers, and to make decisions regarding the award of cash bonuses and the granting of options to purchase shares of our Common Stock. The committee members considered the performance of our Company for the year ended January 31, 2015, and reviewed the individual performance and achievements of each executive during the year. The committee members agreed that the executives performed well in all areas of our business during the year including the management of the operations of Gemma. In particular, the Compensation Committee members noted the significant progress made during the year on our largest power-plant construction projects and the development of potential new business. It was also recognized that the executive team invested considerable time and effort in the prudent evaluation of potential acquisitions and other business opportunities. Further, the committee members acknowledged that the continued and dedicated service of Mr. Griffin would be particularly crucial to our future success.

For the year ended January 31, 2015, the review of the individual performance and achievements of Mr. Griffin, the chief executive officer of Gemma, and Mr. Daniel L. Martin, Gemma's president, resulted in the committee's approval of cash bonus payments to Mr. Griffin and Mr. Martin in the amounts of \$1,500,000 (in addition to Mr. Griffin's contractual annual minimum bonus amount of \$400,000) and \$550,000, respectively. The review also resulted in the payment of cash bonus awards to Mr. Bossemann, our Chief Executive Officer, and Mr. Arthur A. Trudel, our former Chief Financial Officer, in the amount of \$175,000 each and the award to Mr. Bosselmann and Mr. Trudel of nonqualified options to purchase 50,000 shares and 25,000 shares of our Common Stock, respectively. These actions were ratified by the independent members of the Board.

The members of the Compensation Committee are independent directors under applicable stock exchange rules. No member of the Compensation Committee has ever been an officer or employee of the Company.

The written charter for the Compensation Committee, which was originally adopted in April 2004, was updated in June 2013. The Compensation Committee is responsible for implementing and reviewing executive compensation plans, policies and programs in an effort to ensure the attraction and retention of executive officers in a reasonable and cost-effective manner, to motivate their performance in the achievement of our business objectives and to align the interests of executive officers with the long-term interests of our stockholders. To that end, it is the responsibility of the Compensation Committee to develop and approve periodically a general compensation plan and salary structure for our executive officers that considers business and financial objectives, industry and market pay practices and/or such other information as may be deemed appropriate. It is the responsibility of the Compensation Committee to review and recommend for approval by the independent directors of the full Board of Directors the compensation (salary, bonus and other compensation) of our Chief Executive Officer, to review and approve the compensation (salary, bonus and other compensation) of our other Named Executive Officers, and to review and approve perquisites offered to our Named Executive Officers. The Compensation Committee shall also review and approve corporate goals and objectives relevant to the compensation of our Named Executive Officers, evaluate performance in light of the goals and objectives, and review and approve all employment, retention and severance agreements for our Named Executive Officers.

The Compensation Committee acts on behalf of the Board of Directors in administering compensation plans approved by the Board and/or the stockholders (including the Argan, Inc. 2011 Stock Plan) in a manner consistent with the terms of such plans, reviews and makes recommendations to the Board of Directors with respect to new compensation, incentive and equity-based plans, and reviews and makes recommendations to the Board on changes in major benefit programs for our Named Executive Officers. The Compensation Committee also reviews the

management succession program for the Chief Executive Officer and selected other executive officers.

Nominating/Corporate Governance Committee. The initial written charter of the committee now known as the Nominating/Corporate Governance Committee was adopted in April 2004, and it was also updated in June 2013. Pursuant to its expanded duties and responsibilities, this committee provides oversight of our corporate governance affairs including the consideration of risks, and assesses the full Board's performance annually in accordance with procedures established by it.

This committee has been primarily responsible for identifying individuals qualified to become members of our Board of Directors, and for recommending to the Board of Directors the persons to be nominated by the Board for election as directors at the annual meeting of stockholders and the persons to be elected by the Board of Directors to fill any vacancies on the Board. It was recommended by this committee that Mr. Getsinger be appointed to the Board of Directors.

The Nominating/Corporate Governance Committee considers the gender and ethnic diversity of the Board of Directors and uses certain other selection criteria as a guide in its selection process including the following: (i) nominees should have a reputation for integrity, honesty and adherence to high ethical standards; (ii) nominees should have demonstrated business acumen, experience and ability to exercise sound judgments in matters that relate to our current and long-term business objectives and should be willing and able to contribute positively to our decision-making process; (iii) nominees should have a commitment to understand the Company and its industry and to regularly attend and participate in meetings of the Board of Directors and its committees; (iv) nominees should have the interest and ability to understand the sometimes conflicting interests of our various constituencies, which include stockholders, employees, customers, governmental units, creditors and the general public, and to act in the interests of all stockholders; and (v) nominees should not have, or appear to have, a conflict of interest that would impair the nominee's ability to represent the interests of all of our stockholders and to fulfill the responsibilities of a director. Nominees shall not be discriminated against on the basis of race, religion, national origin, sex, sexual orientation, disability or any other basis proscribed by law.

The Nominating/Corporate Governance Committee is also responsible for reviewing with the Board of Directors, on an annual basis, the requisite skills and criteria for new Board members as well as the composition of the Board as a whole. The Board of Directors believes that the Board, as a whole, should include individuals with a diverse range of experience to give the Board both depth and breadth in the mix of skills represented for the benefit of our stockholders. To that end, the Board endeavors to include in its overall composition an array of targeted skills that complement one another rather than requiring each director to possess the same skills, perspective and interests. Accordingly, this committee and the full Board consider the qualifications of directors and director nominees both individually and in the broader context of the Board's overall composition and the Company's current and future needs.

The group will consider nominees for the Board of Directors recommended by stockholders. Nominations by stockholders must be in writing, must include the full name of the proposed nominee, a brief description of the proposed nominee's business experience for at least the previous five years, and a representation that the nominating stockholder is a beneficial or record owner of our Common Stock. Any such submission must also be accompanied by the written consent of the proposed nominee to be named as a nominee and to serve as a director if elected. This committee is required to review the qualifications and backgrounds of all directors and nominees (without regard to whether a nominee has been recommended by stockholders), as well as the overall composition of the Board of Directors. Nominations must be delivered to the committee's attention at our headquarters address.

Board Leadership and Risk Oversight

Mr. Bosselmann, our Chief Executive Officer, currently serves as the Chairman of our Board of Directors. Mr. Griffin and Ms. Flanders are also members of management. Five of the nine members of the Board are considered to be independent based on the Board's consideration of our independence standards and the applicable New York Stock Exchange independence standards including the requirements set forth in Section 303A.02(a)(ii) of the NYSE Listed Company Manual. The Board believes that its current leadership structure provides independent Board leadership and engagement while also deriving the benefit of having our Chief Executive Officer serve as Chairman of the Board. The Board has determined that Mr. Bosselmann, the individual with primary responsibility for managing the Company's day-to-day operations, is best positioned to chair regular Board meetings and to lead and facilitate discussions of key business and strategic issues.

The Board periodically reviews the structure of the Board. As set forth in our bylaws, the Board is empowered to choose any one of its members (and not just the Chief Executive Officer) as Chairman of the Board. The Board believes that we have best corporate practices in place to ensure that the Company maintains a strong and independent Board, the highest standards of corporate governance and the continued accountability of the Chief Executive Officer to the Board. This structure is evidenced by the composition of the current Board of Directors and its Audit, Compensation and Nominating/Corporate Governance Committees.

All of the members of such committees are independent directors. Consequently, independent directors directly oversee critical matters such as the remuneration policy for executive officers, succession planning, our corporate governance guidelines, policies and practices, the director nomination process, our corporate finance strategies and initiatives, and the integrity of our consolidated financial statements and internal control over financial reporting.

Mr. Quinn has been designated by the Board as the lead independent director. As the primary liaison between the Chairman of the Board and the independent directors, his documented duties and responsibilities include (1) approving Board meeting schedules and agendas; (2) approving the type of information provided to the directors in connection with each meeting of the Board; (3) presiding over all meetings of the Board at which the Chairman of the Board is not present, including executive sessions of the independent directors; (4) providing feedback to the Chairman of the Board on issues considered at such meetings; (5) calling meetings of the independent directors when deemed necessary and appropriate; and (6) performing such other duties as the Board from time to time may determine.

One of the Board's key functions is oversight of our risk management process. The Board administers its oversight function directly through the Board as a whole, which has the ultimate oversight responsibility for the risk management process, as well as through the standing Audit, Compensation and Nominating/Corporate Governance Committees that address risks inherent in their respective areas of oversight. The whole Board monitors the effectiveness of our corporate codes of conduct and ethics, including whether they are successful in preventing wrongful conduct, and risks associated with the independence of its members, potential conflicts of interest and succession planning.

Our Audit Committee considers and discusses our major financial risk exposures and the steps our management has taken to monitor and control these exposures, including guidelines and policies to govern the process by which risk assessment, risk management and our insurance program is undertaken. The Audit Committee also monitors compliance with legal and regulatory requirements, in addition to oversight of the performance of the internal assessments of our system of internal control over financial reporting and the audits conducted by our independent registered public accountants.

The Compensation Committee administers our stock plans, and reviews and recommends the salaries and bonuses paid to the Named Executive Officers while assessing whether any of our compensation policies and programs has the potential to encourage excessive risk-taking. The independent directors of the full Board approve the salary and bonus amounts paid to Named Executive Officers and approve all stock option awards. Senior management reports on enterprise risks issues, including operational, financial, legal and regulatory, and strategic and reputation risks, to the appropriate committee or to the full Board.

The entire Board and the committees receive reports on areas of material risk and, for each committee, the committee's area of oversight, from senior management, our internal audit firm, our independent registered public accountants, outside counsel, and other members of management and professional advisors. When one of the committees receives any such report, the chairman of the committee reports on the discussion to the full Board of Directors at the next Board meeting. This process enables the Board and its committees to coordinate the risk oversight role, particularly with respect to risk interrelationships.

In June 2014, the Board of Directors adopted a set of governance guidelines which are intended to provide a framework within which the Board conducts its business. Among other items, the guidelines describe the basic responsibilities of a member of our Board and the requirements for the conduct of Board and committee meetings. As stated above, these governance guidelines are available on our website at www.arganinc.com.

Compensation of Directors

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Each non-employee member of our Board of Directors receives an annual fee of \$20,000, plus \$300 for each formal Board or committee meeting attended. Members of the Audit Committee receive an additional annual fee of \$5,000. Directors are reimbursed for reasonable expenses actually incurred in connection with attending each formal meeting of the Board of Directors or any committee thereof. Directors are also eligible for the award of options to purchase shares of our Common Stock.

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The following table summarizes the fees and other compensation for the non-employee members of our Board of Directors for the fiscal year ended January 31, 2015, including the amounts paid or awarded to Ms. Flanders prior to her joining the Company as an executive officer effective January 2, 2015:

| Name | Fees | Stock Option Awards⁽¹⁾ | All Other Compensation | Total Compensation |
|------------------------|-------------|--|-------------------------------|---------------------------|
| Henry A. Crumpton | \$ 22,750 | \$ 85,300 | \$ | \$ 108,050 |
| Cynthia A. Flanders | 25,850 | 85,300 | | 111,150 |
| Peter W. Getsinger | 6,550 | 127,950 | | 134,500 |
| William F. Leimkuhler | 27,700 | 85,300 | | 113,000 |
| W.G. Champion Mitchell | 22,750 | 85,300 | | 108,050 |
| James W. Quinn | 21,200 | 85,300 | | 106,500 |
| Brian R. Sherras | 26,150 | 85,300 | | 111,450 |

- (1) Amounts represent the aggregate award date fair value computed in accordance with generally accepted accounting principles in the United States, and reflect the assumptions discussed in Note 13 Stock-Based Compensation of our consolidated financial statements included in Item 8 of our Form 10-K Annual Report for the year ended January 31, 2015.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF

EACH OF THE NOMINATED DIRECTORS IDENTIFIED ON PAGE 5

PROPOSAL NO. 2

AMENDMENT TO THE 2011 STOCK PLAN

Background

On April 16, 2015, the Board of Directors passed a resolution, subject to stockholder approval, that amended the Argan, Inc. 2011 Stock Plan (the *Stock Plan*) by increasing the number of shares of Common Stock issuable thereunder from 1,250,000 shares to 2,000,000 shares. The Stock Plan replaced the Argan, Inc. 2001 Stock Option Plan (the *2001 Plan*) which expired on July 19, 2011. The material features of the Stock Plan are outlined below. This summary is qualified in its entirety by reference to the full text of the Stock Plan, a copy of which is included herein.

As of January 31, 2015, there were 227,000 shares of Common Stock available for award under the Stock Plan. Options to purchase 876,350 shares of our Common Stock were outstanding, including options to purchase 801,350 and 75,000 shares of our Common Stock that were awarded under the Stock Plan and the 2001 Plan, respectively. During the year ended January 31, 2015, options to purchase 305,500 shares of Common Stock were awarded. Under both plans, stock options have been awarded to our Named Executive Officers, key employees and members of the Board of Directors.

The 2011 Stock Plan

Purpose. The purpose of the Stock Plan is to provide our officers, employees, directors and consultants who are in a position to contribute materially to our long-term success with opportunities to increase their interest in the Company's welfare, and to aid in attracting and retaining employees, directors and consultants of outstanding ability. The Board of Directors believes that it is important to have shares available under a stock incentive plan like the Stock Plan in

order to provide adequate incentives to new employees and other key members of our workforce including those additional management and non-management employees who may join us as a result of future business acquisitions or other growth of the Company. The Plan is administered by the Compensation Committee of our Board of Directors.

Eligibility. Subject to certain other provisions of the Stock Plan, the number of shares of our Common Stock which may be issued or transferred pursuant to stock options and stock awards granted under the Stock Plan (Awards) and the number of shares of our Common Stock which may be subject to outstanding but unexercised stock options granted under the Stock Plan shall not exceed 2,000,000 shares in the aggregate, assuming the approval of this Proposal No. 2.

Stock options granted under the Stock Plan may be either incentive stock options within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the Code), or non-qualified options. Incentive stock options may be granted only to employees of the Company (including directors who are employees), while non-qualified options may be issued to employees, directors (whether or not an employee) and consultants of the Company. Employees, directors and consultants shall also be eligible to receive grants of restricted and/or unrestricted stock under the Stock Plan. Our Board of Directors has the authority to determine those individuals who shall receive Awards and the number of shares of our Common Stock subject to such Awards. The Board of Directors shall also determine the time periods during which stock options granted under the Stock Plan may become partially or fully exercisable and the exercise price for each stock option granted under the Stock Plan, subject to certain limitations described therein.

Restricted stock grants may be made subject to vesting, in one or more installments, upon the happening of certain events, upon the passage of a specified period of time, upon the fulfillment of certain conditions or upon the achievement by the Company or any subsidiary, division, affiliate or joint venture of the Company of certain performance goals, as the Compensation Committee shall decide in each case when restricted stock grants are awarded.

The Stock Plan does not permit the repricing of options to purchase shares of our Common Stock nor does it allow the cancellation of existing stock options in connection with the award of a new option.

Terms of the Options. Awards must occur no later than July 19, 2021. The per share purchase price of the shares of Common Stock subject to incentive and non-qualified stock options may not be less than the fair market value of the Common Stock on the date that the stock option is granted.

For incentive stock options granted to any person who owns, directly or indirectly, at the time of the grant, 10% or more of the total combined voting power of all classes of stock of the Company (a 10% Stockholder), the per share purchase price of the shares of Common Stock subject to the option shall be at least 110% of the fair market value of our Common Stock on the date of grant.

Incentive stock options granted under the Stock Plan cannot be exercised more than ten years from the date of grant except that the term of an incentive stock option issued to a 10% Stockholder cannot exceed five years. The aggregate exercise price of an incentive stock option, or any portion thereof, shall be payable on the date of exercise of the option (i) in cash or by check, bank draft or postal or express money order by the option holder, or (ii), provided that a public market exists for our Common Stock, in consideration received by the Company under a procedure whereby a qualified broker-dealer advances funds on behalf of an option holder or sells shares acquired upon the exercise of a stock option on behalf of a option holder. Notwithstanding any other provisions hereof, the aggregate fair market value (determined at the time the option is granted) of the Common Stock with respect to which an incentive stock option becomes exercisable for the first time during any calendar year (under the Stock Plan and all other similar plans of the Company) shall not exceed \$100,000.

Transferability. No right under the Stock Plan may be transferred other than by will or the laws of descent and distribution. During the lifetime of an option holder, a stock option will be exercisable only by the option holder or his/her conservator. If a stock option shall expire and terminate for any reason, in whole or in part, without being exercised or, if a stock award is forfeited because the restrictions with respect to such stock award shall not have been met or have lapsed, the number of shares of Common Stock subject to the stock option or which are no longer outstanding under a stock award may again become available for an Award.

Federal Income Tax Consequences. If an option granted under the Stock Plan is an incentive stock option, the option holder will recognize no taxable income upon grant of the incentive stock option and incur no tax liability due to the exercise unless the option holder is subject to the alternative minimum tax. We will not be allowed a deduction for federal income tax purposes as a result of the exercise of an incentive stock option regardless of the applicability of

the alternative minimum tax. Upon the sale or exchange of the shares at least two years after grant of the option and one year after transfer of the shares to the option holder by us, any gain will represent a long-term capital gain for the option holder. If these holding periods are not satisfied, the option holder will recognize ordinary income equal to the difference between the exercise price and the lower of the fair market value of the Common Stock at the date of the option exercise or the sale price of the Common Stock and we will be entitled to a deduction in the same amount as the ordinary income recognized by the option holder. Any gain recognized on such a premature disposition of the shares in excess of the amount treated as ordinary income will be characterized as capital gain.

If an option granted under the Stock Plan is a non-qualified stock option (also referred to as a nonstatutory stock option), the option holder ordinarily will recognize no taxable income upon the receipt of an Award and incur no tax liability at that time. However, upon exercise of a non-qualified stock option, the option holder will recognize ordinary income in an amount equal to the fair market value of our Common Stock on the date of exercise less the amount paid for the Common Stock. Subsequent sale or exchange of the Common Stock acquired upon such an exercise will result in a capital gain or loss for the option holder. We will be entitled to an income tax deduction in the same amount as the ordinary income recognized by an option holder with respect to shares of Common Stock acquired upon the exercise of a non-qualified stock option.

The recipient of a restricted stock Award generally does not recognize taxable income at the time of grant, and we are not entitled to a tax deduction at that time unless the recipient elects to be taxed at the time of award by making an election under Section 83(b) of the Code within 30 days of the date of award. When the restrictions applicable to the shares lapse, the recipient recognizes ordinary income in an amount equal to the excess of the fair market value of the shares of our Common Stock at such time over the amount, if any, paid for the shares. Ordinarily, we will be entitled to a tax deduction at the same time and in the same amount as the ordinary income recognized by the recipient.

The grant of an Award of unrestricted shares of our Common Stock has immediate income tax consequences for both the recipient and us. The recipient will recognize ordinary income at the time of the Award in an amount equal to the then fair market value of the Common Stock less any amount paid for the shares. Ordinarily, we will be entitled to a tax deduction at the same time and in the same amount as the ordinary income recognized by the recipient.

For the period 2003 through 2012, the annual federal income tax rate on net capital gain (net long-term capital gain minus net short-term capital loss) was capped at 15%. However, under the American Taxpayer Relief Act of 2012, the top capital gain tax rate was increased to 20% (up from 15%) for single filers with 2015 incomes above \$413,200 and married couples filing jointly with 2015 incomes exceeding \$464,850. In addition, the 3.8% Medicare surtax on net investment income, which includes capital gains, will result in an overall capital gain rate of 23.8% for higher-income taxpayers.

The foregoing is only a summary of the effects of federal income taxation upon individuals and us with respect to Awards and the acquisition of shares of our Common Stock under the Stock Plan, and does not purport to be complete. References should be made to the applicable provisions of the Code. In addition, this summary does not discuss the income tax laws of any municipality, state or foreign country in which the recipient of an Award is a resident.

Termination of Employment/Relationship. If employment with us of the holder of a stock option is terminated other than by disability or death, the term of any then outstanding stock option held by the employee shall extend for a period no later than three months after the employment termination date, in the case of an incentive stock option, and no later than twelve months after the employment termination date, in the case of a non-qualified stock option. If a director ceases to be a director, or a consultant ceases to provide services to us, other than by reason of death, the terms of any then outstanding non-qualified stock option held by the individual shall extend for a period no later than twelve months after cessation of the services being provided to us by the option holder. If employment of the holder of an incentive stock option is terminated by reason of disability, the term of any then outstanding incentive stock option held by the employee shall extend for a period ending no later than twelve months after the termination date of the employment with us.

In all cases, a stock option shall be exercisable to the extent it was exercisable as of the last date of employment or service, as applicable. If an option holder dies, the representative of his/her estate or beneficiaries thereof to whom the stock option has been transferred shall have the right during the period ending no later than twelve months after the date of death to exercise any then outstanding stock options in whole or in part. Notwithstanding the foregoing, all stock options outstanding at the time of a change in control of the Company, as defined in the Stock Plan, shall

become fully vested.

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Equity Compensation Plan Information

The following table sets forth certain information, as of January 31, 2015, concerning the shares authorized for issuance upon the exercise of options to purchase our Common Stock.

| Equity Compensation Plans | Number of Shares Issuable under Outstanding Options | Weighted Average Exercise Price of Outstanding Options | Number of Shares Remaining Available for Future Issuance ⁽¹⁾ |
|---|---|--|--|
| Approved by the Stockholders ⁽²⁾ | 876,350 | \$ 22.34 | 227,000 |
| Not Approved by the Stockholders | | | |
| Totals | 876,350 | \$ 22.34 | 227,000 |

(1) Represents the number of shares of our Common Stock reserved for future awards and excludes the number of securities reflected in the first column of this table.

(2) Approved plans include the Company's 2011 Stock Plan and the 2001 Stock Option Plan.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE *FOR* THE AMENDMENT
OF THE ARGAN, INC. 2011 STOCK PLAN IN ORDER TO INCREASE THE NUMBER
OF SHARES OF OUR COMMON STOCK RESERVED FOR ISSUANCE
THEREUNDER FROM 1,250,000 TO 2,000,000 SHARES**

PROPOSAL NO. 3

APPROVAL OF EXECUTIVE COMPENSATION (THE SAY-ON-PAY PROPOSAL)

We are seeking stockholder approval of the compensation of our executive officers (our Named Executive Officers) as described in this Proxy Statement. This description is contained in the Executive Compensation section of this Proxy Statement which is included below, including the compensation tables and the narrative compensation disclosures included therein. This non-binding advisory proposal, commonly known as a say-on-pay proposal, is required under Section 14A of the Securities Exchange Act of 1934 (the Exchange Act). This vote represents our third annual advisory say-on-pay vote. Subsequent to the annual meeting of stockholders held in 2013 and based on the results of voting by the stockholders, the Board of Directors determined that we will hold an advisory vote on executive compensation every year.

Because this is an advisory vote, it will not be binding on the Board of Directors and it will not directly affect or otherwise limit any existing compensation or award arrangement of any of our Named Executive Officers. However, our Compensation Committee does intend to take into account the outcome of the vote when considering future executive compensation arrangements.

Our executive compensation program is based on a philosophy of paying for performance and tying a significant portion of executive pay to the achievement of long-term growth in the value of the Company. Our philosophy and the core components of our approach to executive compensation did not change during the year ended January 31, 2015, and we feel consistency in our approach will help to ensure the stability of our core management team through a challenging business environment while providing powerful incentives to drive profitable growth and to deliver value to our stockholders.

In considering how to vote on this advisory proposal, we encourage our stockholders to review all the relevant information in the Executive Compensation section of this Proxy Statement including the compensation tables and the narrative disclosures regarding our executive compensation program.

**THE BOARD RECOMMENDS A VOTE *FOR* APPROVAL OF
THE SAY-ON-PAY PROPOSAL**

PROPOSAL NO. 4**RATIFICATION OF THE APPOINTMENT OF
INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS**

The Audit Committee of our Board of Directors has selected Grant Thornton LLP (Grant Thornton) as the independent registered public accountants to perform the audit of our consolidated financial statements for our fiscal year ending January 31, 2016, and our stockholders are being asked to ratify the Audit Committee s selection. Grant Thornton has served as our independent registered public accountants since May 2006. We expect a representative of Grant Thornton to be present at the Annual Meeting.

Fees

The following table below presents the approximate amounts of fees billed to us by Grant Thornton for professional services rendered during and related to the fiscal years ended January 31, 2015, 2014 and 2013.

| | 2015 | 2014 | 2013 |
|--------------------|-------------|-------------|-------------|
| Audit Fees | \$ 608,000 | \$ 649,000 | \$ 570,000 |
| Audit-Related Fees | 11,000 | | 17,000 |
| Tax Fees | 55,000 | 47,000 | 38,000 |
| Total Fees | \$ 674,000 | \$ 696,000 | \$ 625,000 |

Audit Fees. This category consists of fees billed for professional services rendered for annual audits of our consolidated financial statements, for reviews of quarterly condensed consolidated financial statements, for the review of current reports and other documents filed with the SEC, and for other accounting consultation. Audit fees also include the costs associated with Grant Thornton s audit of the effectiveness of our internal control over financial reporting.

Audit-Related Fees. This category includes fees billed for services provided by Grant Thornton that were related to due diligence procedures performed during the investigations of potential acquisitions that we evaluated during the fiscal years ended January 31, 2015 and 2013. No such fees were incurred during the year ended January 31, 2014.

Tax Fees. This category consists of fees billed for professional tax services provided in the areas of compliance, research and planning.

Audit Committee Pre-Approval Policies and Procedures

The Audit Committee of the Board of Directors has established a policy requiring the advance approval of any non-audit services to be performed by our independent registered public accountants or any other accounting or audit firm. The Audit Committee Chairman may pre-approve certain non-audit related fees which the entire Audit Committee ratifies in a subsequent Audit Committee meeting in accordance with SEC requirements. For the fiscal year ended January 31, 2015, the Audit Committee followed these guidelines in approving all services rendered by accounting and audit firms.

THE BOARD RECOMMENDS A VOTE FOR RATIFICATION OF THE

APPOINTMENT OF GRANT THORNTON LLP

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AUDIT COMMITTEE REPORT

The Audit Committee of our Board of Directors is composed of three independent directors. The Audit Committee operates pursuant to a written charter, a copy of which can be found on our website at www.arganinc.com. The Board of Directors has made a determination that the members of the Audit Committee satisfy the independence and other requirements of the NYSE and the applicable rules of the Securities and Exchange Commission (the SEC). The Board of Directors has also made the determination that at least one member of the Audit Committee is a financial expert as that term is defined in applicable SEC rules.

The responsibilities of the Audit Committee are set forth in the Charter of the Audit Committee, which was updated in June 2013. The Audit Committee is responsible for, among other things, appointing, establishing the compensation for, supervising and, where appropriate, replacing the Company's independent registered public accountants; considering the qualifications and independence of the Company's independent accountants; approving all audit and non-audit services provided by the Company's independent accountants; and reviewing and discussing with our management and the Company's independent accountants the Company's consolidated financial statements. The Company's independent registered public accountants are required to report directly to the Audit Committee. The Audit Committee also reviews our accounting policies, internal control procedures and systems and compliance activities and also reviews the Charter of the Audit Committee. The following is a report on the Audit Committee's activities for the fiscal year ended January 31, 2015.

Review of Financial Statements

The Audit Committee reviewed and discussed the Company's condensed unaudited consolidated financial statements for the fiscal quarters ended April 30, July 31 and October 31, 2014, and the Company's audited consolidated financial statements as of January 31, 2015 and for the year then ended with the management of the Company and with the engagement personnel of Grant Thornton, the Company's independent registered public accounting firm. During the year, our Grant Thornton auditors also made a presentation to the Audit Committee that outlined their audit timeline and planned procedures based on their assessments of the significant financial statement and fraud risks. The audit report issued by Grant Thornton relating to the Company's consolidated financial statements as of January 31, 2015 and for the year then ended expressed an unqualified opinion thereon. The scope of the audit procedures performed by Grant Thornton for the year ended January 31, 2015 also included observations and tests of evidence with results sufficient for the accounting firm to report that the Company maintained, in all material respects, effective internal control over financial reporting as of January 31, 2015.

Review of Other Matters with the Independent Registered Public Accountants

The Audit Committee has also discussed with Grant Thornton the matters required to be communicated to the Company pursuant to applicable regulations of the Public Company Accounting Oversight Board (PCAOB). The Audit Committee has received from Grant Thornton the written disclosures and the letter required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), and has discussed with Grant Thornton matters relating to the firm's independence from the Company. There were no independence matters brought to the attention of the Audit Committee.

The Audit Committee has also received from Grant Thornton the written communication required by the corporate governance rules of the NYSE that describes the firm's quality control policies and procedures including its audit performance and independence monitoring systems. This communication also provides disclosure of material issues raised by inquiry or investigation by government or professional authorities over the last five years.

Recommendation That Financial Statements Be Included in the Annual Report

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Based on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements described above be included in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2015 for filing with the SEC.

Submitted by the Audit Committee of the Board of Directors:

William F. Leimkuhler (Chairman, Audit Committee)

Peter W. Getsinger (Member, Audit Committee)

W.G. Champion Mitchell (Member, Audit Committee)

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PRINCIPAL STOCKHOLDERS

The following table presents the number of shares of our Common Stock beneficially owned as of January 31, 2015, by (i) each director, (ii) each executive officer named in the Summary Compensation Table below, (iii) all directors and executive officers as a group, and (iv) each person who, to our knowledge, owns beneficially more than five percent (5%) of our Common Stock. Unless otherwise indicated, beneficial ownership is direct and the person indicated has sole voting and investment power.

| Name and Address | Shares Beneficially Owned ⁽¹⁾ | Beneficial Ownership Percentage ⁽¹⁾ |
|---|--|--|
| William F. Griffin, Jr. ⁽²⁾ | 614,993 | 4.20% |
| Rainer H. Bosselmann ⁽³⁾ | 367,901 | 2.51% |
| James W. Quinn ⁽⁴⁾ | 119,570 | * |
| Daniel L. Martin ⁽⁵⁾ | 65,000 | * |
| Arthur F. Trudel ⁽⁶⁾ | 45,000 | * |
| William F. Leimkuhler ⁽⁷⁾ | 59,000 | * |
| Henry A. Crumpton ⁽⁸⁾ | 50,000 | * |
| Cynthia A. Flanders ⁽⁹⁾ | 50,000 | * |
| W.G. Champion Mitchell ⁽¹⁰⁾ | 37,500 | * |
| Brian R. Sherras ⁽¹¹⁾ | 35,000 | * |
| Peter W. Getsinger | 1,935 | * |
| Officers and Directors, as a group (12 persons) ⁽¹²⁾ | 1,457,899 | 9.73% |
| Richard L. Scott ⁽¹³⁾ | 965,255 | 6.60% |
| JPMorgan Chase & Co ⁽¹⁴⁾ | 849,949 | 5.81% |
| John W. Blackburn ⁽¹⁵⁾ | 817,106 | 5.58% |

* Less than 1%.

- (1) Applicable percentage of ownership is based on 14,631,201 shares of Common Stock outstanding at January 31, 2015, together with applicable options for each stockholder. Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Shares of Common Stock subject to options that are currently exercisable or exercisable within 60 days of January 31, 2015 are deemed to be beneficially owned by the person holding such options for the purpose of computing the percentage of ownership of such person, but are not treated as outstanding for the purpose of computing the percentage ownership of any other person. Unless otherwise noted in the footnotes below, the address for each of the individuals listed in the table above is c/o Argan, Inc., One Church Street, Suite 201, Rockville, Maryland 20850.
- (2) Includes 274,960 shares owned by the William F. Griffin, Jr. GRAT DTD 02/13/12 and 231,190 shares owned by the William F. Griffin, Jr. Revocable Trust DTD 12/09/04; Mr. Griffin is a trustee of both trusts. Also includes 98,843 shares owned by the Joel M. Canino Revocable Trust and deemed to be beneficially owned by Mr. Griffin who is a co-trustee. Excludes 55,965 shares owned by the Griffin Family Trust and 10,000 shares held by the Peach Pit Foundation; Mr. Griffin's wife is a co-trustee of both trusts. Mr. Griffin disclaims beneficial ownership of these shares. Also includes options to purchase 10,000 shares of Common Stock which are fully vested.
- (3) Includes 310,660 shares owned by Mr. Bosselmann and 2,241 shares owned by Mr. Bosselmann and his wife, as joint tenants. Also includes options to purchase 55,000 shares of Common Stock which are held by Mr. Bosselmann and are fully vested.

- (4) Includes options to purchase 25,000 shares of Common Stock held by Mr. Quinn which are fully vested. Does not include 531,183 shares of Common Stock held by Allen & Company LLC and affiliates. Mr. Quinn disclaims beneficial ownership of the shares held by Allen & Company LLC and affiliates.
- (5) Includes options to purchase 60,000 shares of Common Stock which are fully vested.
- (6) Includes options to purchase 35,000 shares of Common Stock which are fully vested.
- (7) Includes options to purchase 30,000 shares of Common Stock which are fully vested.
- (8) Includes options to purchase 20,000 shares of Common Stock which are fully vested.
- (9) Includes options to purchase 40,000 shares of Common Stock which are fully vested.
- (10) Includes options to purchase 30,000 shares of Common Stock which are fully vested.
- (11) Includes options to purchase 35,000 shares of Common Stock which are fully vested.
- (12) Includes options to purchase 352,000 shares of Common Stock held by the executive officers and members of our Board of Directors which are fully vested.
- (13) Based upon Schedule 13D/A filed with the SEC by Mr. Scott on January 22, 2014. The name and address of the person identified as authorized to receive notices and communications is Alan L. Bazaar, Hollow Brook Wealth Management, LLC, 420 Lexington Avenue, Suite 2840, New York, New York 10170.
- (14) Based upon a Schedule 13G filed with the SEC by JPMorgan Chase & Co. (JPMorgan) on January 23, 2015. The address reported by JPMorgan is 270 Park Avenue, New York, New York 10017.
- (15) Based upon a Schedule 13G filed jointly with the SEC on June 3, 2010 by Prairie Fire Capital, LLC (PFC), a Delaware limited liability company; Ptolemy Capital, LLC (PC), a Delaware limited liability company; Westwind Investors, LP (WI), a Delaware limited partnership; the Stone Family Foundation, a Delaware not-for-profit corporation; and John W. Blackburn (together the Reporting Persons). The filing reports 817,106 shares of Common Stock beneficially owned by Mr. Blackburn, a manager of PFC, PC and WI, who has sole voting and dispositive powers with respect to the shares. The address for the Reporting Persons is 917 Tahoe Boulevard, Suite 200, Incline Village, Nevada 89451.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Compensation Philosophy and Objectives. Our Board of Directors and executive management believe that the performance and contributions of our executive officers are critical to our overall success. To attract, retain, and motivate the executives to accomplish our business objectives, the Compensation Committee establishes executive compensation policies and oversees our executive compensation practices. The Compensation Committee also evaluates compensation programs to ensure that we maintain our ability to attract, retain and motivate superior employees in key positions and that compensation provided to key employees remains competitive. The Compensation Committee believes our executive compensation packages should include both cash and share-based compensation that reward achievement of established business objectives and market performance. In short, our goal is to create an executive compensation program that will adequately reward our executives for their roles in creating value for our stockholders.

The Compensation Committee exercises business judgment in determining the appropriate level and mix of executive compensation. Cash compensation is used to provide a base salary and to reward our executives based on their contributions to the Company. Equity compensation is used to tie the interests of the executives to the interests of our stockholders. There is no pre-established policy or target for the allocation between either cash and non-cash or short-term and long-term incentive compensation, which enables the Compensation Committee the flexibility to adjust amounts and allocations dynamically as business conditions warrant.

The Compensation Committee recognizes that typically there have been no specific targets against which to calculate annual bonus amounts. While the goal of the executive management team is to continue to profitably grow the value of the business over the long term, it has been our practice to not set specific individual goals for any of the executives at the start of each year. Instead, at the end of the year, the CEO and the Compensation Committee

review the overall performance of the Company and the contributions made by the Named Executive Officers for whom the Compensation Committee recommends salary levels, annual bonus amounts and annual stock option awards. The independent directors of the full Board of Directors ratify all such awards.

The Compensation Committee reviews the achievements and compensation levels of executive officers annually while considering our overall financial performance for the most recently completed fiscal year. Based on these reviews, the Compensation Committee makes compensation recommendations to the full Board of Directors, including the amounts of annual bonus and stock option awards, for the Named Executive Officers. The Compensation Committee relies on the CEO's recommendations and on its own evaluation of current individual and business performance and historical individual and business performance. Our CEO is not present in and does not participate in the discussion of any elements of his compensation with the Compensation Committee. Although the Compensation Committee has the express authority to hire and compensate its own advisors, it has not used the services of any external advisor in connection with this process.

In determining its recommendations for the most recently completed fiscal year, the Compensation Committee discussed with the CEO the performance of the executive management team. The Compensation Committee developed its recommendations based on its professional judgment and experience and a comparison to prior performance and annual bonus and stock option award levels. Included in the deliberations by the members of the Compensation Committee was a discussion of the CEO's performance and the level of his annual awards. The Compensation Committee determined individual bonus amounts and stock option awards and made recommendations to the full Board of Directors. These recommendations were approved by the independent directors of the Board of Directors.

Based on our financial performance as outlined in the 2015 Financial Highlights section below, and the fact that there has been very little turn-over at the senior and executive management levels of the Company, we believe that our current compensation practices have served us and our stockholders well. However, both our Compensation Committee and executive management recognize that we may need to consider changes that align our practices more closely to those of other publicly traded companies. These practices may include establishment of more formulaic approaches to the determinations of annual cash bonus and stock option award amounts.

2015 Financial Highlights. In making executive compensation decisions subsequent to January 31, 2015, the Compensation Committee considered the financial performance results for the year then ended, including the following highlights.

Consolidated revenues increased by \$155.7 million to \$383.1 million primarily due to heightened levels of construction activity on the Panda Liberty and Panda Patriot natural gas-fired power plant projects.

Our balance of cash and cash equivalents continued to grow during the year to a balance of \$333.7 million as of January 31, 2015, which reflected the net cash provided by our operating activities for the current year in the amount of \$93.3 million.

Our gross profit increased to \$83.6 million for the current year due the increase in consolidated revenues while we maintain planned gross margins for the Panda Liberty and Panda Patriot power plant projects.

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Net income attributable to our stockholders for the current year was approximately \$30.4 million, or \$2.05 per diluted share.

We generated consolidated EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization) attributable to our stockholders of \$52.2 million for the current year.

We increased consolidated working capital by approximately \$15.6 million during the current year to a balance of \$148.9 million as of January 31, 2015.

Tangible net worth attributable to our stockholders increased during the current year by approximately 22% to \$165.2 million as of January 31, 2015 despite our payment to stockholders of a cash dividend in the aggregate amount of approximately \$10.2 million in November 2014.

Elements of Compensation. For the year ended January 31, 2015, the principal components of compensation for Named Executive Officers were base salary, discretionary incentive cash compensation (cash bonus awards) and long-term equity incentive awards (stock options).

Base Salary. We provide executive officers with a base salary to compensate them for services rendered during the fiscal year. Base salaries are established initially for each executive based on his/her experience, position and responsibilities, reflect considerations of market data and conditions, and are included in employment offer letters and/or employment agreements as applicable. Salary levels are typically reviewed annually as part of the Compensation Committee's performance review process and would be reconsidered upon a promotion or other change in job responsibility for the executive. Merit-based increases to salaries, if any, would be based on the Compensation Committee's assessment of the individual executive's performance in conjunction with recommendations provided by our Chief Executive Officer. Base salary is reflected in the "Salary Earned" column of the Summary Compensation Table of this Proxy Statement.

Annual Cash Bonus Awards. Typically, the Compensation Committee recommends the payment of cash bonus awards to our Chief Executive and Chief Financial Officers based primarily on an assessment of the overall financial performance of the consolidated organization for the preceding fiscal year. These annual cash bonus awards are fully discretionary and are made only upon a Compensation Committee recommendation and the approval of the independent members of the Board. Based on the terms of his current employment contract, we are obligated to make an annual cash bonus payment to Mr. Griffin in the minimum amount of \$400,000 provided he is employed by us at the end of each applicable fiscal year. In addition, and as was the case this year, we may pay Mr. Griffin a cash bonus amount in excess of the minimum amount, based on extraordinary achievements by Gemma in the preceding fiscal year, after recommendation by the Chief Executive Officer, approval by the Compensation Committee and ratification by the independent members of the Board of Directors. The amounts of annual discretionary cash bonus awards are reflected in the "Bonus Earned" column of the Summary of Compensation Table of this Proxy Statement included below.

Long-Term Equity Incentive Awards. The long-term equity incentive awards are designed to ensure that our executive officers and key employees have a continuing stake in our long-term success. In addition, the awards emphasize pay-for-performance. To date, such awards have substantially consisted of options to purchase shares of our Common Stock. Currently, stock option awards are made pursuant to the terms of the Argan, Inc. 2011 Stock Plan (the "Stock Plan") which replaced the 2001 Stock Option Plan (the "2001 Plan") which expired in July 2011. Both plans were established for the purpose of providing our officers, employees, directors and consultants who are in a position to contribute materially to our long-term success with opportunities to increase their interest in the Company's welfare, and to aid in attracting and retaining employees, directors and consultants of outstanding ability. The Board of Directors believes that it is important to have shares available under a stock incentive plan like the Stock Plan in order to provide adequate incentives to new employees and other key members of our workforce including those additional management and non-management employees who may join us as a result of future business acquisitions or other growth of our Company.

Typically, in connection with initial employment, officers and other key employees receive stock option awards. In addition, the Compensation Committee may consider the award of stock options to executive officers subsequent to the end of each fiscal year.

Benchmarking. We believe it is important when making compensation-related decisions to be informed as to current practices of similarly situated publicly held companies in the engineering, construction and related industries. The Compensation Committee considers the compensation levels at other companies in our industry.

We do not view benchmarking as a stand-alone tool for setting compensation due to the aspects of our business and objectives that may be unique to us, but we believe that gathering and reviewing this information should be a part of

our compensation-related decision-making process. In using its collective judgment in setting executive pay, the Compensation Committee uses benchmarking as one consideration; however, at this time the Compensation Committee's decisions are based primarily on recommendations from our CEO, the Compensation Committee's evaluation of the executive's performance, the overall Company performance and our overall compensation strategy.

Referring to proxy information available for ten publicly traded engineering and construction companies, we note that our CEO's total compensation for the year ended January 31, 2015 was less than the 2014 total compensation amounts for all ten of the comparable CEOs. Our CFO's compensation was less than six of the 2014 total compensation amounts for the CFOs included in the benchmarking group.

The ten publicly traded comparable companies included the following firms.

Dycom Industries, Inc.

Furmanite Corporation

Granite Construction Incorporated

Great Lakes Dredge & Dock Corporation

Integrated Electrical Services Corporation

MYR Group Inc.

Primoris Services Corporation

Orion Marine Group, Inc.

Sterling Construction Company, Inc.

Willbros Group, Inc.

Executive Compensation and Risk. We believe our executive compensation programs do not encourage excessive and unnecessary risk-taking by our executive officers because these programs are designed to encourage our executive officers to remain focused on both the short-term and long-term operational and financial goals of the Company. We achieve this balance through a combination of elements in our overall compensation plans, including: elements that reward both short-term (cash bonuses) and long-term (stock option) results thereby encouraging better alignment with the interests of stockholders. It is also notable that Mr. Bosselmann and Mr. Griffin beneficially own 312,901 and 604,993 shares of our Common Stock (excluding outstanding options to purchase shares of our Common Stock), respectively.

Change in Control Agreements. The section below entitled Summary of Employment Arrangements describes the potential payments to Messrs. Bosselmann, Trudel, Griffin and Ms. Flanders in the event of termination or a change-in-control of the Company. The employment arrangement with Mr. Martin does not include similar provisions.

The Stock Plan describes the effect on outstanding stock options of employment termination, including the provision in the Stock Plan that all outstanding stock options shall become fully vested and exercisable upon a change in control of the Company, as defined in the plan document.

The Compensation Committee may accelerate the vesting and exercisability of outstanding options to purchase shares of our Common Stock that were awarded pursuant to the terms of the 2001 Plan, in whole or in part, as determined by the Compensation Committee in its sole discretion upon a change in control, as defined in the plan document. In its sole discretion, the Compensation Committee may also determine that, upon the occurrence of such a change in control, each outstanding stock option awarded under the 2001 Plan shall terminate within a specified number of days after notice to the optionee thereunder, and each such optionee shall receive, with respect to each share of our Common Stock subject to such option, an amount equal to the excess of the fair market value of such shares immediately prior to such change in control over the exercise price per share of such option. Such amount shall be payable in cash, in one or more kinds of property (including the property, if any, payable in the transaction) or a combination thereof, as the Compensation Committee shall determine in its sole discretion.

Summary Compensation Table

The following table sets forth the total amount of compensation paid to or earned by the Named Executive Officers for services in all capacities for the fiscal years ended January 31, 2015, 2014 and 2013.

For the year ended January 31, 2015, we are reporting compensation for the five executive officers identified below (the Named Executive Officers), including the Company's CEO, the Chief Executive Officer of Gemma Power Systems, LLC and affiliated companies (Gemma), the President of Gemma and both executive officers who served as the Company's Chief Financial Officer during the year.

| Name and Principal Position | Fiscal Year | Salary Earned | Bonus Earned | Stock Option Awards ⁽¹⁾ | All Other Compensation | Total Compensation |
|--|-------------|---------------|--------------|------------------------------------|------------------------|--------------------|
| Rainer H. Bosselmann Chief Executive Officer | 2015 | \$ 225,000 | \$ 175,000 | \$ 335,500 | \$ 1,200 | \$ 736,700 |
| | 2014 | 225,000 | 200,000 | 83,750 | 1,200 | 509,950 |
| | 2013 | 200,000 | 150,000 | 60,300 | 1,200 | 411,500 |
| Arthur F. Trudel former Senior Vice President, Chief Financial Officer | 2015 | \$ 216,667 | \$ 175,000 | \$ 234,850 | \$ 1,477 | \$ 627,994 |
| | 2014 | 225,000 | 200,000 | 67,000 | 1,600 | 493,600 |
| | 2013 | 200,000 | 150,000 | 60,300 | 1,920 | 412,220 |
| and Corporate Secretary ⁽³⁾ | | | | | | |
| Cynthia A. Flanders Senior Vice President, Chief Financial Officer | 2015 | \$ 18,750 | \$ | \$ | \$ | \$ 18,750 |
| and Corporate Secretary ⁽³⁾ | | | | | | |
| William F. Griffin, Jr. Vice Chairman and Chief Executive Officer, Gemma | 2015 | \$ 600,000 | \$ 1,900,000 | \$ | \$ 38,338 | \$ 2,538,338 |
| | 2014 | 602,308 | 2,500,000 | | 37,150 | 3,139,458 |
| | 2013 | 600,000 | 900,000 | 65,900 | 18,000 | 1,583,900 |
| Daniel L. Martin President, Gemma | 2015 | \$ 292,500 | \$ 550,000 | \$ | \$ 38,338 | \$ 880,838 |
| | 2014 | 286,097 | 500,000 | 46,800 | 37,150 | 870,047 |
| | 2013 | 282,653 | 425,000 | 76,950 | 16,500 | 801,103 |

(1) Amounts represent the aggregate award date fair value computed in accordance with generally accepted accounting principles in the United States and reflect the assumptions discussed in Note 13 Stock-Based Compensation to our consolidated financial statements that are included in Item 8 of our Form 10-K Annual Report for the year ended January 31, 2015.

(2) Amounts represent matching and profit sharing contributions made pursuant to the Company's 401(k) plans, and car allowance payments made to Messrs. Griffin and Martin.

(3) Mr. Trudel relinquished his role as Chief Financial Officer, effective January 1, 2015. Ms. Flanders was appointed to the position, effective January 2, 2015.

Executive Officers Who Are Not Directors

Mr. Martin, age 57, has been the President of Gemma since February 8, 2010. Prior to that date, Mr. Martin was Senior Vice President and General Manager of the operating division in Reading, Pennsylvania, for WorleyParsons, a provider of professional services to the energy sector. In that capacity, Mr. Martin was responsible for the

performance of the division, which conducts preliminary engineering, detailed design, procurement, construction management and other support services for electricity generating facilities including those operating on fossil, nuclear and renewable fuels.

Mr. Trudel, age 65, retired as our Senior Vice President, Chief Financial Officer and Corporate Secretary, effective January 1, 2015. He was our Corporate Secretary since April 2006, our Senior Vice President and Chief Financial Officer since May 2003 and a corporate officer of the Company since January 2003. As discussed below, Mr. Trudel is continuing his service to the Company as a senior advisor to our CEO.

Summary of Employment Arrangements

Rainer H. Bosselmann. On January 3, 2005, the Company entered into an employment agreement with Rainer H. Bosselmann as its Chief Executive Officer. Pursuant to the employment agreement, the Company agreed to employ Mr. Bosselmann for an initial term of one year, which term automatically renews for successive one-year periods unless the Company or Mr. Bosselmann provides at least 90 days prior written notice of its or his election not to renew. Currently, the employment term anniversary date is January 3. The agreement provides for an annual base salary during the employment period, subject to increase (but not reduction) from time to time in such amounts as the Company, in its reasonable discretion, deems to be appropriate. For the year ended January 31, 2015, the annual base salary for Mr. Bosselmann was \$225,000.

The agreement also provides for an annual bonus with the payment and amount determined at the discretion of the Board of Directors of the Company, subject to the satisfaction of any reasonable performance criteria established for Mr. Bosselmann with respect to such year. The agreement further provides that he participate in any stock option, incentive and similar plans established by the Company and shall be granted stock options and other benefits similar to options and benefits granted to other executives, subject in all cases to the satisfaction by Mr. Bosselmann of the terms and conditions of such plans and to the reasonable exercise by the Board of any discretion granted to it or them thereunder. The Board of Directors awarded cash bonuses to Mr. Bosselmann in April 2015, March 2014 and April 2013 relating to the fiscal years ended January 31, 2015, 2014 and 2013, in the amounts of \$175,000, \$200,000 and \$150,000, respectively.

Subsequent to each fiscal year end, options to purchase shares of Common Stock are typically awarded to the Chief Executive Officer by the Board of Directors. As the stock options usually vest on the one-year anniversary of the date of award, the compensation related to the stock option awards is recorded ratably over the one-year period subsequent to the award date. Non-qualified stock options were awarded to Mr. Bosselmann by the Board of Directors in April 2015 covering 50,000 shares of our Common Stock, with a per share exercise price of \$32.68. This award becomes exercisable on the one-year anniversary of the grant date and expires on the ten-year anniversary of the grant date.

Under the employment agreement, in the event that Mr. Bosselmann's employment is terminated for any of the reasons specified below or there occurs a change in control, Mr. Bosselmann will receive as severance pay in a single lump sum payment, an amount equal to twenty-four (24) months of his base salary within thirty (30) days after his termination of employment or change of control, as the case may be, without reduction or offset for any other monies which he may thereafter earn or be paid. The reasons which cause severance pay to be paid include:

- (i) termination due to a material diminution of the Executive's duties, authority or responsibility, or a material impairment by action of the Company of his ability to perform his duties and responsibilities, regardless of whether such diminution is accompanied by a change in the Executive's title with the Company;
- (ii) termination due to a material breach by the Company of any provision of the employment agreement, which breach continues for a period of thirty (30) days after written notice of such breach is given by the Executive to the Company; and
- (iii) termination by the Company at any time without cause, including notice of non-renewal of the employment agreement.

Mr. Bosselmann shall also be entitled for a period of twenty-four (24) months from the termination of his employment or a change in control, as the case may be, to the continuation of all benefits provided to Mr. Bosselmann, excluding

sick and vacation time, subject to any applicable employee co-payments. If his employment is terminated by the Company by reason of his death, disability or for cause or voluntarily by Mr. Bosselmann for any reason other than as set forth in the preceding paragraph, the Company will not be obligated to make any payments to him by reason of his cessation of employment other than such amounts, if any, of his base salary that have accrued and remain unpaid and such other amounts which may then otherwise be payable to him from the Company's benefit plans or reimbursement policies, if any.

Arthur F. Trudel. On January 3, 2015, the Company entered into a new employment agreement with Arthur F. Trudel as a senior advisor to the Chief Executive Officer. Pursuant to the employment agreement, the Company agreed to employ Mr. Trudel for an initial term of two years, with additional one-year terms upon the mutual consent of both parties. If either party provides notice to the other not later than September 30, 2015 of its intention to terminate the agreement, the employment term will end on December 31, 2015. The agreement provides

for an annual base salary of \$125,000, continues Mr. Trudel's right to participate in the Company's employee benefit programs and entitles Mr. Trudel to receive certain severance benefits in the event of the termination of his employment without cause.

Prior to executing the employment agreement described above, Mr. Trudel was party to an employment agreement dated January 2, 2005 to act as its Senior Vice President, Chief Financial Officer and Corporate Secretary. This agreement was for an initial one-year term, with automatic one year renewals, unless the Company or Mr. Trudel provided at least 90 days prior written notice of its or his election not to renew. Mr. Trudel elected not to renew this agreement which effectively ended January 1, 2015. Under this prior agreement, Mr. Trudel was entitled to a base salary of \$225,000, \$225,000 and \$200,000 in fiscal years 2015, 2014 and 2013, respectively, and to participate in the incentive and stock option plans. In recognition of Mr. Trudel's dedicated service to the Company during the year ended January 31, 2015, the Board of Directors awarded Mr. Trudel a cash bonus of \$175,000 and an option to purchase 25,000 shares of our Common Stock, with a per share exercise price of 32.68. The award becomes exercisable on the one-year anniversary of the grant date and expires on the ten-year anniversary of the grant date.

Cynthia A. Flanders. On December 11, 2014, the Company entered into a new employment agreement with Cynthia A. Flanders as Senior Vice President, Chief Financial Officer and Corporate Secretary. Pursuant to the employment agreement, the Company agrees to employ Ms. Flanders for an initial term of one year, commencing on January 2, 2015 and continuing until December 31, 2015, unless earlier terminated. At the end of the initial term, Ms. Flanders employment shall automatically renew for successive one-year terms unless the Company or Ms. Flanders provides 60 days written notice of its or her election not to renew. The agreement provides for an annual base salary of \$225,000.

The agreement also provides for an annual bonus payment at the sole discretion of our Board of Directors, subject to the satisfaction of reasonable performance criteria as shall be established for such year. During the term of the agreement, Ms. Flanders shall be eligible to participate in any stock option, incentive and similar plans established by the Company from time to time.

In the event that Ms. Flanders' employment is terminated by the Company at its convenience or by her for good reason (as defined in the employment agreement), then she shall be entitled to (i) continue to receive her salary for the duration of the term of the employment agreement, and (ii) continue to participate in our health and benefit plans and programs (other than the Company's 401(k) plan and any other qualified retirement plan(s) until Ms. Flanders becomes eligible for health insurance from another source other than Medicare.

William F. Griffin, Jr. On December 17, 2013, the Company amended the Amended and Restated Employment Agreement with Mr. Griffin that was effective April 1, 2011. Pursuant to the amendment, the term of his employment was extended for three (3) years to March 31, 2017, which term will automatically renew for successive one (1) year periods unless sooner terminated by us or him. Mr. Griffin's annual base salary of \$600,000 was not changed. Any future increase in base salary will be negotiated in good faith by the parties.

For each of our fiscal years occurring within, or partially within, the term of Mr. Griffin's employment, he is eligible for bonuses for special or extraordinary circumstances or occurrences as, in the sole discretion of the Board of Directors, may merit special consideration for him. Mr. Griffin is entitled to a minimum bonus of \$400,000 for each of our fiscal years occurring within, or partially within, the term of his employment (prorated as necessary for any such partial fiscal year) and payable upon the completion of each fiscal year. Pursuant to the ratification of the independent members of our Board of Directors, Mr. Griffin was paid bonuses in the amounts of \$1,900,000, \$2,500,000 and \$900,000 for the fiscal years ended January 31, 2015, 2014 and 2013, respectively.

As required by the current amended employment agreement with Mr. Griffin, we maintain and pay the premiums on a key-man term life insurance policy on Mr. Griffin's life in the amount of \$5,000,000. Such key-man term life insurance policy names Argan, Inc. as the sole beneficiary and will remain in full force and effect for the term of

Mr. Griffin's employment or until expiration of the term of the policy. Upon the termination of Mr. Griffin's employment for any reason, we will assign to him any and all rights which we may have in and to the key-man term life insurance policy for the value of the prepaid unearned premium.

Mr. Griffin is also subject to certain confidentiality provisions, and during the term of his employment and for two (2) years thereafter, he is subject to certain non-competition and non-solicitation covenants as described in the amended employment agreement except in the event of a change in control of the Company, as defined. In such case, the covenant not to compete and the covenant not to solicit (i) employees or former employees, (ii) actual or targeted prospective customers or clients, or (iii) actual distributors or suppliers shall be rendered null and void.

Under the amended employment agreement, in the event that Mr. Griffin's employment is terminated by us at our convenience or by Mr. Griffin for good reason, he will be entitled to receive severance benefits as follows: (i) Mr. Griffin will continue to receive his salary for the duration of the then-current term; (ii) a pro rata share of the minimum bonus (calculated based upon the elapsed portion of our fiscal year in which the employment termination occurs); and (iii) continued participation in our health and benefit plans and programs for the duration of the then-current term, or, in the case of our health plan(s), until he becomes eligible for health insurance from another source other than Medicare. In the event that Mr. Griffin's employment is terminated as a result of death or disability, he or his surviving spouse or estate, as applicable, will be entitled to receive a pro rata share of the minimum bonus (calculated based upon the elapsed portion of our fiscal year in which the employment termination occurs) and applicable health, disability or death benefits, if any, offered by us, subject to the eligibility requirements of such benefits. In addition, Mr. Griffin, or his surviving spouse or estate as applicable, shall be entitled to receive his salary and benefits accrued, reimbursement of expenses properly incurred and payment for all accrued vacation calculated in accordance with the standard payroll practices of Gemma, in each case through the date of termination, disability or death.

Within thirty (30) days of a change of control, as defined in the amendment, the Company shall pay Mr. Griffin, in a single lump sum payment, an amount equal to (i) twenty-four (24) times the amount of salary paid during the thirty (30) days ending on the date of the change in control, plus (ii) two (2) times the minimum bonus paid with respect to the fiscal year most recently completed.

Daniel L. Martin. Mr. Martin joined us as the President of Gemma in February 2010. His employment arrangement established a base annual salary of \$275,000 (increased to \$295,000 for calendar year 2015), provides for normal participation in the standard employee benefit programs of Gemma, and pays a monthly car allowance in the amount of \$1,500. He is eligible for an annual cash bonus based on a combination of considerations including the EBITDA performance of Gemma for the previous fiscal year and his personal accomplishments. For the fiscal years ended January 31, 2015, 2014 and 2013, Mr. Martin was paid cash bonus amounts of \$550,000, \$500,000, and \$425,000, respectively.

In April 2013, the Board of Directors awarded Mr. Martin a non-qualified option to purchase 15,000 shares of our Common Stock. This award completed our obligation to make annual stock option awards covering 15,000 shares of our Common Stock during the initial three years of Mr. Martin's employment with us as long as the annual EBITDA of Gemma exceeded 7% of Gemma's revenues each year.

Code of Ethics

We have established a Code of Ethics for Senior Officers that applies to our CEO and CFO. The Code of Ethics embodies our commitment to the highest standards of ethical and professional conduct and imposes a higher standard of honesty and integrity than the Company's Code of Conduct that applies to, and is acknowledged in writing by, all of our employees. The Board of Directors, or the Audit Committee, shall determine, or designate appropriate persons to determine, remedial actions to be taken in the event of a violation of the Code of Ethics and has full and discretionary authority to approve any amendment to or waiver from this Code of Ethics for senior officers. Any such amendment or waiver will be promptly disclosed as required by applicable law or regulation.

Potential Payments Upon Termination

The terms of the employment agreements with Mr. Bosselmann, Ms. Flanders and Mr. Griffin provide that we pay certain severance benefits in the event that such executive officer is terminated by us other than for cause as that term is defined in each applicable agreement. Mr. Bosselmann and Mr. Griffin are also entitled to receive the severance benefits described herein upon a change-in-control as that term is defined in each applicable agreement.

The following table presents amounts payable to each of these executive officers under the scenario that the executive is terminated without cause. The table assumes that the terminating events occurred on February 1, 2015.

| Name | Base Salary | Bonus | Health Care Benefits/Other | Totals |
|-------------------------|---------------------------|-------|----------------------------|------------|
| Rainer H. Bosselmann | \$ 450,000 ⁽¹⁾ | \$ | \$ 45,244 ⁽¹⁾ | \$ 495,244 |
| Cynthia A. Flanders | 206,250 ⁽²⁾ | | 10,716 ⁽²⁾ | 216,966 |
| William F. Griffin, Jr. | 1,300,000 ⁽³⁾ | | 61,282 ⁽³⁾ | 1,361,282 |
| Daniel L. Martin | | | 6,524 ⁽⁴⁾ | 6,524 |

- (1) Amounts represent payments for twenty-four months.
(2) Amounts represent payments through the end of the current employment agreement term (December 31, 2015).
(3) Amounts represent payments through the end of the amended term of the employment agreement (March 31, 2017).
(4) Amount represents accrued vacation pay.

Grants of Plan-Based Awards Table

The following table sets forth certain information with respect to grants of plan-based awards to the Named Executive Officers (identified in the Summary Compensation Table above and while serving in such capacity) during the year ended January 31, 2015. In all cases, the grants presented in the table below represent non-qualified stock options awarded under our Stock Plan, and they represent the only plan-based awards involving our Common Stock made to these officers during the year. No stock awards have been made by us to any of the Named Executive Officers.

| Name | Grant Date ⁽¹⁾ | Number of Shares of Common Stock Underlying the Award | Exercise Price/Share | Grant Date | Fair Value of Stock Option Awards ⁽²⁾ |
|----------------------|---------------------------|---|----------------------|------------|--|
| Rainer H. Bosselmann | 4/16/2014 | 50,000 | \$ 27.09 | | \$ 335,500 |
| Arthur F. Trudel | 4/16/2014 | 35,000 | 27.09 | | 234,850 |

- (1) The grant date represents the date on which the Board of Directors approved the stock option award. The options to purchase shares of our Common Stock become exercisable on the one-year anniversary of the grant date.
(2) Amounts represent the aggregate award date fair values computed in accordance with generally accepted accounting principles in the United States and reflect the assumptions discussed in Note 13 Stock-Based Compensation of our consolidated financial statements included in our Annual Report on Form 10-K for the year ended January 31, 2015.

Stock Option Exercises Table

The following table presents certain information relating to the exercise of options to purchase shares of our Common Stock by Named Executive Officers during the year ended January 31, 2015.

| Name | Number of Shares of Common Stock Acquired | Value Realized upon Exercise⁽¹⁾ |
|----------------------|--|---|
| Rainer H. Bosselmann | 65,000 | \$ 1,153,050 |
| Arthur F. Trudel | 40,000 | 825,750 |
| Daniel L. Martin | 50,000 | 814,959 |

(1) Amounts represent the aggregate fair market value of the Common Stock on the date(s) of exercise less the purchase price paid by the executive officer.

Outstanding Equity Awards Table

The following table sets forth certain information concerning exercisable and unexercisable options to purchase shares of Common Stock that were held by our Named Executive Officers as of January 31, 2015.

| Name | Number of Securities Underlying Unexercised Stock Options ⁽¹⁾ | | Exercise Price/Share | Expiration Date |
|-------------------------------------|--|---------------|-------------------------|--------------------|
| | Exercisable ⁽²⁾ | Unexercisable | | |
| Rainer H. Bosselmann ⁽³⁾ | 10,000 | | \$ 13.64 | 4/6/2020 |
| | 10,000 | | 8.97 | 4/5/2021 |
| | 10,000 | | 16.47 | 4/2/2022 |
| | 25,000 | | 16.37 | 3/7/2023 |
| | | 50,000 | 27.09 | 4/16/2024 |
| Arthur F. Trudel ⁽³⁾ | 5,000 | | \$ 13.64 | 4/6/2020 |
| | 10,000 | | 16.47 | 4/2/2022 |
| | 20,000 | | 16.37 | 3/7/2023 |
| | | 35,000 | 27.09 | 4/16/2024 |
| Cynthia A. Flanders | 15,000 | | \$ 14.05 | 4/9/2019 |
| | 5,000 | | 17.33 | 12/20/2021 |
| | 10,000 | | 18.87 | 12/18/2022 |
| | 10,000 | | 26.88 | 12/17/2023 |
| | | 10,000 | 31.82 | 12/11/2024 |
| William F. Griffin, Jr. | 10,000 | | \$ 18.87 | 12/18/2022 |
| Daniel L. Martin | 30,000 | | \$ 8.97 | 4/5/2016 |
| | 15,000 | | 16.47 | 4/2/2022 |
| | 15,000 | | 15.66 | 4/3/2023 |

- (1) None of the stock options presented in this table have been repriced or otherwise materially modified. The Stock Plan does not permit repricing nor does it allow the cancellation of existing options in connection with the award of a new option.
- (2) Includes options exercisable within 60 days of January 31, 2015.
- (3) Information presented for Mr. Bosselmann and Mr. Trudel excludes nonqualified 10-year options to purchase 50,000 and 25,000 shares of Common Stock, respectively, that were awarded on April 16, 2015 at an exercise price of \$32.68 per share.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During the majority of the year ended January 31, 2015, Mr. Quinn, Mr. Leimkuhler and Ms. Flanders served on the Compensation Committee. In October 2014, due to the pending employment of Ms. Flanders as CFO, it was determined that she was no longer an independent director and ceased being a member of this committee. In December 2014, Peter W. Getsinger was assigned to the Compensation Committee. There were no compensation committee interlocks between the Company and other entities involving our executive officers and directors.

COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Board of Directors has reviewed and discussed with management the Compensation Discussion and Analysis set forth above under the heading Executive Compensation. Based on that review and those discussions, the Compensation Committee recommended to the Board of Directors that it be included in our Proxy Statement.

Submitted by the Compensation Committee of the Board of Directors:

James W. Quinn (Chairman, Compensation Committee)

Peter W. Getsinger (Member, Compensation Committee)

William F. Leimkuhler (Member, Compensation Committee)

**COMPLIANCE UNDER SECTION 16(a)
OF THE SECURITIES EXCHANGE ACT OF 1934**

Section 16(a) of the Securities Exchange Act of 1934 and related regulations require that the Company's directors, certain officers, and any persons holding more than 10% of our Common Stock (Reporting Persons) to report their initial ownership of our Common Stock and any subsequent changes in that ownership to the SEC. Specific due dates have been established, and we are required to disclose any failure to file by these dates during the fiscal year ended January 31, 2015 in this Proxy Statement.

In making this disclosure, we have relied solely on our review of copies of Section 16(a) reports filed with the SEC and representations received by us from Reporting Persons, without any independent investigations.

Except for the following, we believe that each of the Reporting Persons timely filed Forms 3, 4 and 5 with the SEC during the fiscal year ended January 31, 2015. Mr. Griffin did not report certain transactions involving shares of our Common Stock until such transactions, including the transfer of shares between trusts and the disposition of 40,000 shares, were reported on Form 5 filed March 28, 2014. Mr. Getsinger's Form 3 was filed on December 12, 2014, approximately one month beyond the due date.

**STOCKHOLDER NOMINATIONS AND PROPOSALS; DEADLINE FOR SUBMISSION OF
STOCKHOLDER PROPOSALS FOR THE 2016 ANNUAL STOCKHOLDERS MEETING**

Our Certificate of Incorporation provides that, for stockholder nominations to the Board of Directors or other proposals to be considered at an annual meeting, the stockholder must have given timely notice thereof in writing to our Corporate Secretary. To be timely for the 2016 Annual Meeting, a stockholder's notice must be delivered to or mailed and received by our Corporate Secretary at the principal executive offices of the Company by January 15, 2016. A stockholder's notice to the Corporate Secretary must set forth, as to each matter the stockholder proposes to bring before the annual meeting, the information required by Article Thirteen and Fourteen of our Certificate of Incorporation.

Stockholders are entitled to present proposals for consideration at forthcoming stockholder meetings provided that they comply with the proxy rules promulgated by the SEC and our bylaws and Certificate of Incorporation. Stockholders wishing to present a proposal at our 2016 Annual Meeting of Stockholders must submit such proposal not less than 70 days prior to the next scheduled annual meeting or if less than 70 days prior notice of the next meeting is provided to our stockholders, within 10 days of the announcement of the next annual meeting.

COMMUNICATIONS WITH THE BOARD OF DIRECTORS

Interested parties may communicate with the Board of Directors, or any of our individual Directors, about their concerns, questions or other matters by sending their communications to the Board of Directors, or to any individual Director, at the following mailing address in an envelope clearly marked "Shareholder Communication" :

Board of Directors

c/o Corporate Secretary

Argan, Inc.

One Church Street, Suite 201

Rockville, Maryland 20850

Our Corporate Secretary will forward such correspondence unopened to the Chairman of the Nominating/Corporate Governance Committee or, in the case of communications sent to an individual Director, to such Director.

Alternatively, you may send an electronic message to the Chairman, Nominating/Corporate Governance Committee at the following e-mail address, *governance@arganinc.com*.

OTHER BUSINESS

We know of no other matters to be submitted to the Annual Meeting. If any other matters properly come before the Annual Meeting, it is the intention of the persons named in the enclosed proxy to vote the shares they represent as the Board of Directors may recommend.

ARGAN, INC.

2011 STOCK PLAN

Revised as of April 16, 2015

I. ESTABLISHMENT OF PLAN; DEFINITIONS

1. **Purpose.** The purpose of the Argan, Inc. 2011 Stock Plan is to provide an incentive to employees, directors and consultants of Argan, Inc. (the Company) who are in a position to contribute materially to the long-term success of the Company, to increase their interest in the Company's welfare, and to aid in attracting and retaining employees, directors and consultants of outstanding ability.

2. **Definitions.** Unless the context clearly indicates otherwise, the following terms shall have the meanings set forth below:

(a) **Beneficial Owner** means an individual or entity that is treated as a beneficial owner pursuant to Rule 13d-3 under the Securities Exchange Act or any subsequent rule issued thereunder.

(b) **Board** shall mean the Board of Directors of the Company.

(c) **Change in Control** shall mean the occurrence of any of the following events:

(i) Any person (other than the Company, any trustee or other fiduciary holding securities under any employee stock ownership plan or other employee benefit plan of the Company, or any company owned, directly or indirectly, by the stockholders of the Company immediately prior to the occurrence with respect to which the evaluation is being made in substantially the same proportions as their ownership of the common stock of the Company) acquires securities of the Company and immediately thereafter is the Beneficial Owner (except that a person shall be deemed to be the Beneficial Owner of all shares that any such person has the right to acquire pursuant to any agreement or arrangement or upon exercise of conversion rights, warrants or options or otherwise, without regard to the sixty day period referred to in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 30% or more of the combined voting power of the Company's then outstanding securities;

(ii) The consummation of a merger or consolidation of the Company with any other entity, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving or resulting entity) more than 50% of the combined voting power of the surviving or resulting entity outstanding immediately after such merger or consolidation; or

(iii) The date of the consummation of a plan or agreement for the sale or disposition of all or substantially all of the consolidated assets of the Company (other than such a sale or disposition immediately after which such assets will be owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of the common stock of the Company immediately prior to such sale or disposition).

(d) **Code** shall mean the Internal Revenue Code of 1986, as it may be amended from time to time.

(e) **Committee** means a committee of not less than two members of the Board appointed by the Board to administer the Plan, provided that the members of such Committee must be Directors who are disinterested as defined in Rule 16b-3(b) promulgated under the Securities Exchange Act of 1934, as amended.

- (f) Company shall mean Argan, Inc., a Delaware corporation.
- (g) Consultant shall mean any individual who performs services for the Company other than as an Employee or Director.
- (h) Directors shall mean those members of the Board of Directors of the Company who are not Employees.

(i) **Disability** shall mean a medically determinable physical or mental condition which causes an Employee or Director to be unable to engage in any substantial gainful activity and which can be expected to result in death or to be of long-continued and indefinite duration.

(j) **Employee** shall mean any common law employee, including officers, of the Company as determined under the Code and the Treasury Regulations thereunder.

(k) **Fair Market Value** shall mean the fair market value of the Stock as determined in good faith by the Board on the basis of a review of the facts and circumstances at the time and in a manner consistent with prior practices and, to the extent applicable the regulations applicable under Section 409A of the Code. However, if the Stock is listed on a national securities exchange or the NASDAQ National Market, **Fair Market Value** shall mean the mean between the highest and lowest sales prices for the Stock on such date, or, if no such prices are reported for such day, then on the next preceding day on which there were reported prices.

(l) **Grantee** shall mean an Employee, Director or Consultant granted a Stock Option or Stock Award under this Plan.

(m) **Incentive Stock Option** shall mean an option granted pursuant to the Incentive Stock Option provisions as set forth in Part II of this Plan.

(n) **Non-Qualified Stock Option** shall mean an option granted pursuant to the Non-Qualified Stock Option provisions as set forth in Part III of this Plan.

(o) **Plan** shall mean the Argan, Inc. 2011 Stock Plan as set forth herein and as amended from time to time.

(p) **Restricted Stock** shall mean Stock which is issued pursuant to the Restricted Stock provisions as set forth in Part IV of this Plan.

(q) **Stock** shall mean authorized but unissued shares of the Common Stock of the Company or reacquired shares of the Company's Common Stock.

(r) **Stock Award** shall mean an award of Restricted or Unrestricted Stock granted pursuant to this Plan.

(s) **Stock Option** shall mean an option granted pursuant to the Plan to purchase shares of Stock.

(t) **Ten Percent Shareholder** shall mean an Employee who at the time a Stock Option is granted owns stock possessing more than ten percent (10%) of the total combined voting power of all stock of the Company or of its parent or subsidiary Company.

(u) **Unrestricted Stock** shall mean Stock which is issued pursuant to the Unrestricted Stock provisions as set forth in Part IV of this Plan.

3. **Shares of Stock Subject to the Plan.** Subject to the provisions of Paragraph 2 of Part V of the Plan, the Stock which may be issued or transferred pursuant to Stock Options and Stock Awards granted under the Plan and the Stock which is subject to outstanding but unexercised Stock Options under the Plan shall not exceed 2,000,000 shares in the aggregate. If a Stock Option shall expire and terminate for any reason, in whole or in part, without being exercised or, if Stock Awards are forfeited because the restrictions with respect to such Stock Awards shall not have been met or have lapsed, the number of shares of Stock which are no longer outstanding as Stock Awards or subject to Stock Options may again become available for the grant of Stock Awards or Stock Options. There shall be no terms and conditions in a Stock Award or Stock Option which provide that the exercise of an Incentive Stock Option reduces the number of shares of Stock for which an outstanding Non-Qualified Stock Option may be exercised; and there shall be

no terms and conditions in a Stock Award or Stock Option which provide that the exercise of a Non-Qualified Stock Option reduces the number of shares of Stock for which an outstanding Incentive Stock Option may be exercised.

4. Administration of the Plan. The Plan shall be administered by the Committee. Subject to the express provisions of the Plan, the Committee shall have authority to interpret the Plan, to prescribe, amend, and rescind rules and regulations relating to it, to determine the terms and provisions of Stock Option and Stock Award agreements, and to make all other determinations necessary or advisable for the administration of the Plan. Any controversy or claim arising out of or related to this Plan shall be determined unilaterally by and at the sole discretion of the Committee.

5. Amendment or Termination. The Board may, at any time, alter, amend, suspend, discontinue, or terminate this Plan; provided, however, that such action shall not adversely affect the right of Grantees to Stock Awards or Stock Options previously granted and no amendment, without the approval of the stockholders of the Company, shall increase the maximum number of shares which may be awarded under the Plan in the aggregate, or change the class of Employees eligible to receive options under the Plan.

6. Effective Date and Duration of the Plan. This Plan shall become effective on July 19, 2011. This Plan shall terminate at the close of business on July 19, 2021 and no Stock Award or Stock Option may be issued or granted under the Plan thereafter, but such termination shall not affect any Stock Award or Stock Option theretofore issued or granted.

II. INCENTIVE STOCK OPTION PROVISIONS

1. Granting of Incentive Stock Options.

(a) Only Employees of the Company shall be eligible to receive Incentive Stock Options under the Plan. Directors of the Company who are not also Employees and Consultants shall not be eligible to receive Incentive Stock Options.

(b) The purchase price of each share of Stock subject to an Incentive Stock Option shall not be less than 100% of the Fair Market Value of a share of the Stock on the date the Incentive Stock Option is granted; provided, however, that the purchase price of each share of Stock subject to an Incentive Stock Option granted to a Ten Percent Shareholder shall not be less than 110% of the Fair Market Value of a share of the Stock on the date the Incentive Stock Option is granted.

(c) No Incentive Stock Option shall be exercisable more than ten years from the date the Incentive Stock Option was granted; provided, however, that an Incentive Stock Option granted to a Ten Percent Shareholder shall not be exercisable more than five years from the date the Incentive Stock Option was granted. Repricing or otherwise modifying of previously granted Stock Options are prohibited. Cancellation of previously issued Stock Options to purchase shares of Common Stock in connection with the award of a new option is prohibited.

(d) The Committee shall determine and designate from time to time those Employees who are to be granted Incentive Stock Options and specify the number of shares subject to each Incentive Stock Option.

(e) The Committee, in its sole discretion, shall determine whether any particular Incentive Stock Option shall become exercisable in one or more installments, specify the installment dates, and, within the limitations herein provided, determine the total period during which the Incentive Stock Option is exercisable. Further, the Committee may make such other provisions as may appear generally acceptable or desirable to the Committee or necessary to qualify its grants under the provisions of Section 422 of the Code. Notwithstanding the foregoing, all Incentive Stock Options that are outstanding upon a Change in Control shall be fully vested.

(f) The Committee may grant at any time new Incentive Stock Options to an Employee who has previously received Incentive Stock Options or other options whether such prior Incentive Stock Options or other options are still outstanding or have previously been exercised in whole or in part. The purchase price of the new Incentive Stock Options may be established by the Committee without regard to the existing Incentive Stock Options or other options.

(g) Notwithstanding any other provisions hereof, the aggregate fair market value (determined at the time the option is granted) of the Stock with respect to which Incentive Stock Options are exercisable for the first time by the Employee during any calendar year (under all such plans of the Grantee's employer company and its parent and subsidiary company) shall not exceed \$100,000.

2. Exercise of Incentive Stock Options. The option price of an Incentive Stock Option shall be payable on exercise of the option (i) in cash or by check, bank draft or postal or express money order, or (ii) provided that a public market exists for the Stock, consideration received by the Company under a procedure under which a broker-dealer that is a member of the National Association of Securities Dealers advances funds on behalf of a Grantee or sells Stock Options on behalf of a Grantee (a *Cashless Exercise Procedure*).

3. Termination of Employment.

(a) If a Grantee's employment with the Company is terminated other than by Disability or death the terms of any then outstanding Incentive Stock Option held by the Grantee shall extend for a period ending on the earlier of the date on which such Stock Option would otherwise expire but no later than three months after such termination of employment, and such Stock Option shall be exercisable to the extent it was exercisable as of such last date of employment.

(b) If a Grantee's employment with the Company is terminated by reason of Disability, the term of any then outstanding Incentive Stock Option held by the Grantee shall extend for a period ending on the earlier of the date on which such Stock Option would otherwise expire or twelve months after such termination of employment, and such Stock Option shall be exercisable to the extent it was exercisable as of such last date of employment.

(c) If a Grantee's employment with the Company is terminated by reason of death, the representative of his estate or beneficiaries thereof to whom the Stock Option has been transferred shall have the right during the period ending on the earlier of the date on which such Stock Option would otherwise expire or twelve months after such date of death, to exercise any then outstanding Incentive Stock Options in whole or in part. If a Grantee dies without having fully exercised any then outstanding Incentive Stock Options, the representative of his estate or beneficiaries thereof to whom the Stock Option has been transferred shall have the right to exercise such Stock Options in whole or in part.

III. NON-QUALIFIED STOCK OPTION PROVISIONS

1. Granting of Stock Options.

(a) Employees, Directors and Consultants shall be eligible to receive Non-Qualified Stock Options under the Plan.

(b) The Committee shall determine and designate from time to time those Employees, Directors and Consultants who are to be granted Non-Qualified Stock Options and the amount subject to each Non-Qualified Stock Option.

(c) The Committee may grant at any time new Non-Qualified Stock Options to an Employee, Director or Consultant who has previously received Non-Qualified Stock Options or Incentive Stock Options, whether such prior Non-Qualified Stock Options or Incentive Stock Options are still outstanding or have previously been exercised in whole or in part. Repricing or otherwise modifying of previously granted Stock Options are prohibited. Cancellation of previously issued Stock Options to purchase shares of Common Stock in connection with the award of a new option is prohibited.

(d) The Committee shall determine the purchase price of each share of Stock subject to a Non-Qualified Stock Option. Such price shall not be less than 100% of the Fair Market Value of such Stock on the date the Non-Qualified Stock Option is granted.

(e) The Committee, in its sole discretion, shall determine whether any particular Non-Qualified Stock Option shall become exercisable in one or more installments, specify the installment dates, and, within the limitations herein provided, determine the total period during which the Non-Qualified Stock Option is exercisable. Further, the Committee may make such other provisions as may appear generally acceptable or desirable to the Committee.

Notwithstanding the foregoing, all Incentive Stock Options that are outstanding upon a Change in Control shall be fully vested.

(f) No Non-Qualified Stock Option shall be exercisable more than ten years from the date such option is granted.

2. Exercise of Stock Options. The option price of a Non-Qualified Stock Option shall be payable on exercise of the Stock Option (i) in cash or by check, bank draft or postal or express money order, (ii) provided that a public market exists for the Stock, consideration received by the Company under a procedure under which a broker-dealer that is a member of the National Association of Securities Dealers advances funds on behalf of a Grantee or sells Stock Options on behalf of a Grantee (a *Cashless Exercise Procedure*).

3. Termination of Relationship.

(a) If a Grantee's employment with the Company is terminated, a Director Grantee ceases to be a Director, or a Consultant Grantee ceases to provide services to the Company, other than by reason of death, the terms of any then outstanding Non-Qualified Stock Option held by the Grantee shall extend for a period ending on the earlier of (i) the date established by the Committee at the time of grant, (ii) the date of expiration provided in the grant, or (iii) twelve months after the Grantee's last date of employment or cessation of being a Director or providing services as a Consultant and such Stock Option shall be exercisable to the extent it was exercisable as of the date of termination of employment, cessation of being a Director, or termination of services of a Consultant.

(b) If a Grantee's employment is terminated by reason of death, a Director Grantee ceases to be a Director by reason of death, or a Consultant dies, the representative of his estate or beneficiaries thereof to whom the Stock Option has been transferred shall have the right during the period ending on the earlier of (i) the date on which such Stock Option would otherwise expire, (ii) the date of expiration provided in the grant, or (iii) twelve months following his death to exercise any then outstanding Non-Qualified Stock Options in whole or in part. If a Grantee dies without having fully exercised any then outstanding Non-Qualified Stock Options, the representative of his estate or beneficiaries thereof to whom the Stock Option has been transferred shall have the right to exercise such Stock Options in whole or in part.

IV. STOCK AWARDS

1. Grant of Restricted Stock.

(a) Employees, Directors and Consultants shall be eligible to receive grants of Restricted Stock and/or Unrestricted Stock under the Plan.

(b) The Committee shall determine and designate from time to time those Employees and Directors who are to be granted Restricted Stock and/or Unrestricted Stock and the number of shares of Stock subject to such Stock Award.

(c) The Committee, in its sole discretion, shall make such terms and conditions applicable to the grant of Restricted Stock and Unrestricted Stock as may appear generally acceptable or desirable to the Committee. The Committee may award shares of Stock to Grantees, which shares shall be subject to the following terms and conditions and such other terms and conditions as the Committee may prescribe (*Restricted Stock Grants*):

(d) Restricted Stock grants to Grantees may be made subject to vesting, in one or more installments, upon the happening of certain events, upon the passage of a specified period of time, upon the fulfillment of certain conditions or upon the achievement by the Company or any Subsidiary, division, affiliate or joint venture of the Company of certain performance goals, as the Committee shall decide in each case when Restricted Stock grants are awarded.

(e) Restricted Stock grants hereunder shall be subject to a written agreement (a *Restricted Stock Agreement*) which shall be signed by the Grantee and by the Chief Executive Officer or the President of the Company for and on behalf of the Company and shall be subject to the terms and conditions of the Plan prescribed in the Restricted Stock Agreement (including, but not limited to, (i) the right of the Company and to repurchase from each Grantee, and such

Grantee's transferees, all shares of Stock issued to such Grantee in the event of such Grantee's termination of employment, and (ii) any other terms and conditions which the Committee shall deem necessary and desirable).

2. Termination of Relationship.

(a) If a Grantee ceases employment with the Company, a Director Grantee ceases to be a Director or a Consultant Grantee ceases to provide services to the Company prior to the lapse of any restrictions applicable to Restricted Stock, such Stock shall be forfeited and the Grantee shall return the certificates representing such Stock to the Company.

(b) If the restrictions applicable to a grant of Restricted Stock shall lapse, the Grantee shall hold such Stock free and clear of all such restrictions except as otherwise provided in the Plan.

V. GENERAL PROVISIONS

3. Substitution. In the event of a corporate merger or consolidation, or the acquisition by the Company of property or stock of an acquired Company or any reorganization or other transaction qualifying under Section 424 of the Code, the Committee may, in accordance with the provisions of that Section, substitute Stock Options and Stock Awards under this Plan for Stock Options and Stock Awards under the plan of the acquired Company provided (i) the excess of the aggregate fair market value of the shares of Stock subject to a Stock Option immediately after the substitution over the aggregate option price of such Stock is not more than the similar excess immediately before such substitution and (ii) the new Stock Option does not give the Grantee additional benefits, including any extension of the exercise period.

4. Adjustment Provisions.

(a) In the event that a dividend shall be declared upon the Stock payable in shares of the Company's common stock, the number of shares of Stock then subject to any Stock Option or Stock Award outstanding under the Plan and the number of shares reserved for the grant of Stock Options or Stock Awards pursuant to the Plan shall be adjusted by adding to each such share the number of shares which would be distributable in respect thereof if such shares had been outstanding on the date fixed for determining the shareholders of the Company entitled to receive such share dividend.

(b) If the shares of Stock outstanding are changed into or exchanged for a different number or class or other securities of the Company or of another Company, whether through split-up, merger, consolidation, reorganization, reclassification or recapitalization then there shall be substituted for each share of Stock subject to any such Stock Option or Stock Award and for each share of Stock reserved for the grant of Stock Options or Stock Awards pursuant to the Plan the number and kind of shares or other securities into which each outstanding share of Stock shall have been so changed or for which each share shall have been exchanged.

(c) In the event there shall be any change, other than as specified above in this Section 2, in the number or kind of outstanding shares of Stock or of any shares or other securities into which such shares shall have been changed or for which they shall have been exchanged, then if the Board shall, in its sole discretion, determine that such change equitably requires an adjustment in the number or kind of shares theretofore reserved for the grant of Stock Options or Stock Awards pursuant to the Plan and of the shares then subject to Stock Options or Stock Awards, such adjustment shall be made by the Board and shall be effective and binding for all purposes of the Plan and of each Stock Option and Stock Award outstanding thereunder.

(d) In the case of any such substitution or adjustment as provided for in this Section 2, the option price set forth in each outstanding Stock Option for each share covered thereby prior to such substitution or adjustment will be the option price for all shares or other securities which shall have been substituted for such share or to which such share shall have been adjusted pursuant to this Section 2, and the price per share shall be adjusted accordingly.

(e) No adjustment or substitution provided for in this Section 2 shall require the Company to sell a fractional share, and the total substitution or adjustment with respect to each outstanding Stock Option shall be limited accordingly.

(f) Upon any adjustment made pursuant to this Section 2 the Company will, upon request, deliver to the Grantee a certificate setting forth the option price thereafter in effect and the number and kind of shares or other securities thereafter purchasable on the exercise of such Stock Option.

5. General.

(a) Each Stock Option and Stock Award shall be evidenced by a written instrument containing such terms and conditions, not inconsistent with this Plan, as the Committee shall approve.

(b) The granting of a Stock Option or Stock Award in any year shall not give the Grantee any right to similar grants in future years or any right to be retained in the employ of the Company, and all Employees shall remain subject to discharge to the same extent as if the Plan were not in effect.

(c) No Employee, Director or Consultant and no beneficiary or other person claiming under or through him, shall have any right, title or interest by reason of any Stock Option or any Stock Award to any particular assets of the Company, or any shares of Stock allocated or reserved for the purposes of the Plan or subject to any Stock Option or any Stock Award except as set forth herein. The Company shall not be required to establish any fund or make any other segregation of assets to assure the payment of any Stock Option or Stock Award.

(d) No right under the Plan shall be subject to anticipation, sale, assignment, pledge, encumbrance, or charge except by will or the laws of descent and distribution, and a Stock Option shall be exercisable during the Grantee's lifetime only by the Grantee or his conservator.

(e) Notwithstanding any other provision of this Plan or agreements made pursuant thereto, the Company's obligation to issue or deliver any certificate or certificates for shares of Stock under a Stock Option or Stock Award, and the transferability of Stock acquired by exercise of a Stock Option or grant of a Stock Award, shall be subject to all of the following conditions:

(i) Any registration or other qualification of such shares under any state or federal law or regulation, or the maintaining in effect of any such registration or other qualification which the Board shall, in its absolute discretion upon the advice of counsel, deem necessary or advisable; and

(ii) The obtaining of any other consent, approval, or permit from any state or federal governmental agency which the Board shall, in its absolute discretion upon the advice of counsel, determine to be necessary or advisable; and

(iii) Each stock certificate issued pursuant to a Stock Option or Stock Award shall bear the following legend:

The transferability of the certificate and the shares of Stock represented hereby are subject to restrictions, terms and conditions contained in the Argan, Inc. Stock Plan and an Agreement between the registered owner of such Stock and Argan, Inc. A copy of the Plan and Agreement are on file in the office of the Secretary of Argan, Inc.

(f) All payments to Grantees or to their legal representatives shall be subject to any applicable tax, community property, or other statutes or regulations of the United States or of any state having jurisdiction thereof. The Grantee may be required to pay to the Company the amount of any withholding taxes, which the Company is required to withhold with respect to a Stock Option or its exercise or a Stock Award. In the event that such payment is not made when due, the Company shall have the right to deduct, to the extent permitted by law, from any payment of any kind otherwise due to such person all or part of the amount required to be withheld.

(g) In the case of a grant of a Stock Option or Stock Award to any Employee of a subsidiary of the Company, the Company may, if the Committee so directs, issue or transfer the shares, if any, covered by the Stock Option or Stock Award to the subsidiary, for such lawful consideration as the Committee may specify, upon the condition or understanding that the subsidiary will transfer the shares to the Employee in accordance with the terms of the Stock Option or Stock Award specified by the Committee pursuant to the provisions of the Plan. For purposes of this Section, a subsidiary shall mean any subsidiary Company of the Company as defined in Section 424 of the Code.

(h) A Grantee entitled to Stock as a result of the exercise of a Stock Option or grant of a Stock Award shall not be deemed for any purpose to be, or have rights as, a shareholder of the Company by virtue of such exercise, except to the extent a stock certificate is issued therefor and then only from the date such certificate is issued. No adjustments shall be made for dividends or distributions or other rights for which the record date is prior to the date such stock certificate is issued. The Company shall issue any stock certificates required to be issued in connection with the exercise of a Stock Option with reasonable promptness after such exercise.

(i) The grant or exercise of Stock Options granted under the Plan or the grant of a Stock Award under the Plan shall be subject to, and shall in all respects comply with, applicable law relating to such grant or exercise, or to the number of shares of Stock which may be beneficially owned or held by any Grantee.

(j) The Plan is designed to be exempt from Section 409A of the Code, and the Plan is intended to be operated in good faith compliance with the requirements of Section 409A of the Code and its accompanying regulations, and any additional guidance issued under Section 409A to be so exempt. To the extent that any provision of the Plan violates any provision of Section 409A providing such an exemption, such provision shall be deemed inoperative and the remaining provisions of the Plan shall continue to be fully effective.

YOUR VOTE IS IMPORTANT. PLEASE VOTE TODAY.

Vote by Internet or Telephone QUICK EASY

IMMEDIATE 24 Hours a Day, 7 Days a Week or by Mail

ARGAN, INC.

Your phone or Internet vote authorizes the named proxies to vote your shares in the same manner as if you marked, signed and returned your proxy card. Votes submitted electronically over the Internet or by telephone must be received by 7:00 p.m., Eastern Time, on June 23, 2015.

**INTERNET/MOBILE
www.cstproxyvote.com**

Use the Internet to vote your proxy. Have your proxy card available when you access the above website. Follow the prompts to vote your shares.

PHONE 1 (866) 894-0537

Use a touch-tone telephone to vote your proxy. Have your proxy card available when you call. Follow the voting instructions to vote your shares.

PLEASE DO NOT RETURN THE PROXY CARD IF YOU ARE VOTING ELECTRONICALLY OR BY PHONE.

MAIL Mark, sign and date your proxy card and return it in the postage-paid envelope provided.

p FOLD HERE DO NOT SEPARATE INSERT IN ENVELOPE PROVIDED p

PROXY

Please mark
your votes **X**
like this

UNLESS THE PROXY SPECIFIES THAT IT IS TO BE VOTED AS INDICATED OR IS AN ABSTENTION ON A LISTED MATTER. PROXIES WILL BE VOTED FOR THE ELECTION TO THE COMPANY S BOARD OF DIRECTORS OF EACH OF THE NINE NOMINEES, AND FOR PROPOSALS 2, 3 AND 4.

- | | |
|---|---|
| <p>1. The election of FOR all WITHHOLD AUTHORITY 2. The approval of FOR AGAINST ABSTAIN nine directors to Nominees the amendment of our Board of listed to the to vote (except as marked to our 2011 Stock Directors, each to left the contrary for all nominees Plan in order to serve until our 2016 Annual Meeting of Stockholders and until his/her successor has been elected and qualified or until his/her earlier resignation, death or removal.</p> | <p>..</p> |
| <p>(01) Rainer H. Bosselmann</p> | <p>3. The ratification of FOR AGAINST ABSTAIN the appointment of Grant Thornton LLP as our independent registered public accountants for the fiscal year ending January 31, 2016.</p> |
| <p>(02) Henry A. Crumpton</p> | <p>4. The non-binding FOR AGAINST ABSTAIN advisory approval of our executive compensation (the say-on-pay vote).</p> |
| <p>(03) Cynthia A. Flanders</p> | <p>5. The transaction of any other business that may properly come before the 2015 Annual Meeting of Stockholders or any adjournment or postponement of the meeting.</p> |
| <p>(04) Peter W. Getsinger</p> | |
| <p>(05) William F. Griffin, Jr.</p> | |

(06) William F.
Leimkuhler

(07) W.G.
Champion Mitchell

(08) James W.
Quinn

(09) Brian R.
Sherras

(Instruction: To withhold authority to vote for any individual nominee, strike a line through that nominee s name in the list above)

COMPANY ID:

PROXY NUMBER:

ACCOUNT NUMBER:

Signature _____ **Signature** _____
Date _____, **2015.**

Note: Please sign exactly as name appears hereon. When shares are held by joint owners, both should sign. When signing as attorney, executor, administrator, trustee, guardian, or corporate officer, please give title as such.

**Important Notice Regarding the Availability of Proxy Materials for the
Annual Meeting of Stockholders to Be Held June 24, 2015.**

**The Proxy Statement and the 2015 Annual Report to Stockholders are
available at <http://www.cstproxy.com/arganinc/2015>**

p FOLD HERE DO NOT SEPARATE INSERT IN ENVELOPE PROVIDED p

PROXY

Argan, Inc.

One Church Street, Suite 201

Rockville, Maryland 20850

June 24, 2015

The accompanying proxy is solicited on behalf of the Board of Directors of Argan, Inc., a Delaware corporation (referred to herein as "Argan" or the "Company"), for use at the 2015 Annual Meeting of Stockholders (the "Annual Meeting") to be held on June 24, 2015 at 11:00 a.m., local time, in the Jefferson Room of the Hilton Washington, DC/Rockville Hotel and Executive Meeting Center, located at 1750 Rockville Pike, Rockville, Maryland 20852-1699. The Proxy Statement and this accompanying proxy card are being mailed starting on or about May 15, 2015 to Stockholders of record on May 5, 2015. Our Annual Report on Form 10-K for the fiscal year ended January 31, 2015 is enclosed with the Proxy Statement.

At the Annual Meeting, Stockholders will be asked to consider and to vote upon four proposals: (1) the election of nine directors to serve until the 2016 Annual Meeting of Stockholders, (2) the approval of the amendment of our 2011 Stock Plan in order to increase the total number of shares of our Common Stock reserved for issuance thereunder, (3) the ratification of the appointment of the Company's independent registered public accountants, and (4) the non-binding advisory approval of our executive compensation.

If a proxy is properly executed and returned to the Company via either the Internet, telephone or mail in time for the Annual Meeting and is not revoked prior to the time it is exercised, the shares represented by the proxy will be voted in accordance with the directions specified therein for the matters listed on the proxy card. Unless the proxy specifies that it is to be voted as indicated or is an abstention on a listed matter, proxies will be voted

FOR the election to the Company's Board of Directors of each of the nine nominees, and **FOR** proposals 2, 3 and 4 as set forth on the reverse side and otherwise in the discretion of the proxy holders as to any other matter that may come before the Annual Meeting.

(Continued, and to be marked, dated and signed, on the other side)

ARGAN, INC.

c/o Continental Proxy Services 8th Floor

17 Battery Place, New York NY 10004 1123

This Notice Is Not A Ballot. You May Vote Your Proxy When You View The Materials On The Internet. You Will Be Asked To Follow The Prompts To Vote Your Shares.

Argan, Inc.

One Church Street, Suite 201

Rockville, Maryland 20850

Notice of

Annual Meeting of Stockholders

To Be Held Wednesday, June 24, 2015

and

Notice of Internet Availability of Proxy Materials

Proxy Materials for the 2015 Annual Meeting of Stockholders are now available on the Internet. **Important information regarding the Internet availability of the Company's proxy materials, instructions for accessing your proxy materials and instructions for requesting paper or email copies of your proxy materials are provided on the reverse side of this Notice.**

Stockholders are cordially invited to attend the Annual Meeting and vote in person.

Dear Argan, Inc. Stockholder:

You are cordially invited to attend our 2015 Annual Meeting of Stockholders to be held on Wednesday, June 24, 2015 at 11:00 a.m., local time, in the Jefferson Room of the Hilton Washington, DC/Rockville Hotel and Executive Meeting Center, located at 1750 Rockville Pike, Rockville, Maryland, 20852-1699.

Proposals to be considered at the Annual Meeting:

(1)

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The election of nine directors to our Board of Directors, each to serve until our 2016 Annual Meeting of Stockholders and until his/her successor has been elected and qualified or until his/her earlier resignation, death or removal.

- (2) The approval of the amendment of our 2011 Stock Plan in order to increase the total number of shares of our Common Stock reserved for issuance thereunder from 1,250,000 to 2,000,000 shares.
- (3) The ratification of the appointment of Grant Thornton LLP as our independent registered public accountants for the fiscal year ending January 31, 2016.
- (4) The non-binding advisory approval of our executive compensation (the say-on-pay vote).
- (5) The transaction of any other business that may properly come before the 2015 Annual Meeting of Stockholders or any adjournment or postponement of the meeting.

The Board of Directors recommends a vote FOR the election to the Board of Directors of each of the nine nominees, and FOR proposals 2, 3 and 4. You are receiving this communication because you hold shares of our common stock, and the materials you should review before you cast your vote are now available.

Your electronic vote authorizes the named proxies to vote your shares in the same manner as if you marked, signed, dated, and returned the proxy card.

Vote Your Proxy on the Internet:

Go to

<http://www.cstproxyvote.com>

Have your notice available when you access the above website.

Follow the prompts to vote your shares.

COMPANY ID:

The Proxy Materials are available for review at:

<http://www.cstproxy.com/arganinc/2015>

PROXY NUMBER:

ACCOUNT NUMBER:

Argan, Inc.

One Church Street, Suite 201

Rockville, Maryland 20850

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be Held On Wednesday, June 24, 2015

This communication presents only an overview of the more complete proxy materials that are available to you on the Internet. We encourage you to access and review all of the important information contained in the proxy materials before voting.

If you would like to receive a paper or e-mail copy of these documents, *you must request one*. There is no charge for such documents to be mailed to you. Please make your request for a copy as instructed below on or before June 12, 2015 to facilitate a timely delivery.

The following Proxy Materials are available to you to review at: <http://www.cstproxy.com/arganinc/2015>

- the Company's Annual Report for the year ended January 31, 2015,
- the Company's 2015 Proxy Statement,
- the Proxy Card, and
- any amendments to the foregoing materials that are required to be furnished to stockholders.

ACCESSING YOUR PROXY MATERIALS ONLINE

Have this notice available when you request a paper copy of the proxy materials or to vote your proxy electronically. You must reference your company ID, proxy number and account number.

REQUESTING A PAPER COPY OF THE PROXY MATERIALS

By telephone please call 1-888-221-0690,

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or

By logging on to <http://www.cstproxy.com/arganinc/2015>

or

By email at: proxy@continentalstock.com

Please include the company name and your account number in the subject line.