
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

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

Date of report (Date of earliest event reported) December 21, 2004

STEPAN COMPANY

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

1-4462

(Commission File Number)

36-1823834

(I.R.S. Employer Identification No.)

**Edens and Winnetka Road,
Northfield, Illinois**
(Address of Principal Executive Offices)

60093
(Zip Code)

Registrant's telephone number, including area code: (847) 446-7500

Former name or former address, if changed since last report: Not Applicable

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement.

On December 21, 2004, the Board of Directors of Stepan Company (“Stepan”) approved an amendment to the Stepan Company 2000 Stock Option Plan (the “Plan”), previously approved by stockholders at the Stepan 2000 Annual Meeting of Stockholders, to allow the Board of Directors to accelerate the vesting requirement of any outstanding awards issued pursuant to the Plan. A copy of the amendment to the Plan is attached as Exhibit 10.1 hereto and incorporated herein by reference.

Any stock options issued pursuant to the Plan will be evidenced by stock option agreements in the forms attached as Exhibits 10.2 and 10.3 hereto and incorporated herein by reference.

In addition, in connection with the amendment to the Plan described above, the Board of Directors of Stepan approved the amendment of stock option agreements for stock options granted to employees on April 29, 2003, September 8, 2003, February 10, 2004 and December 21, 2004, under the stock option agreements dated as of these respective dates, that said options shall become exercisable on such date that the average of the opening price and the closing price of the Stock as reported on the New York Stock Exchange reaches its lowest price during the period December 21, 2004 through December 31, 2004.

The amendments to the stock option agreements provide that the options granted to Frank Pacholec on April 29, 2003, and scheduled to become exercisable on April 29, 2005, as well as the options granted to F. Quinn Stepan, F. Quinn Stepan, Jr., James E. Hurlbutt, Frank Pacholec, John V. Venegoni, Robert J. Wood and Anthony J. Zoglio on February 10, 2004, and scheduled to become exercisable on February 10, 2006, will instead become exercisable on the date that the average of the opening price and the closing price of the Stock as reported on the New York Stock Exchange reaches its lowest price during the period December 21, 2004 through December 31, 2004.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
10.1	Amendment to Stepan Company 2000 Stock Option Plan
10.2	Form of Incentive Stock Option Agreement under Stepan Company 2000 Stock Option Plan
10.3	Form of Non-Qualified Stock Option Agreement under Stepan Company 2000 Stock Option Plan

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

STEPAN COMPANY

By: /s/ Kathleen M. Owens

Kathleen M. Owens
Assistant Secretary

Date: December 23, 2004

EXHIBIT INDEX

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Amendment to Stepan Company 2000 Stock Option Plan

Section 3.7 of the Plan is amended and restated in its entirety as follows: "Except to the extent that the Board of Directors of the Company in its discretion may determine to accelerate the vesting requirement of an outstanding Award, no Award under this Section 3 may be exercised by any person prior to the date, if any, on which the Participant to whom the Award was granted completes two continuous years of employment with the Company after the grant thereof."

STEPAN COMPANY
INCENTIVE STOCK OPTION AGREEMENT
2000 OPTION PLAN

THIS AGREEMENT, dated as of the ___ day of _____, 200___, and entered into by and between Stepan Company, a Delaware corporation (the "Company"), and _____ (the "Participant").

WITNESSETH THAT:

IT IS AGREED, by and between the parties hereto, as follows:

1. In accordance with the provisions of Stepan Company 2000 Stock Option Plan (the "Plan"), the Company hereby grants to the Participant an Incentive Stock Option to purchase a total of _____ shares of common stock of the Company ("Common Stock"). The option price of each share of Common Stock subject to this Agreement shall be \$_____. The right to exercise the option shall be subject to the terms and conditions of the Plan and this Agreement, shall not be exercisable until the Participant completes two (2) years of employment with the Company following the date first written above and shall expire at the earliest of ten (10) years after the date first written above; the date established by the Compensation and Development Committee of the Board of Directors (the "Committee") at the time of the grant; the date which is three months after the date the Participant's employment with the Company is terminated by reason of his normal retirement (or early retirement with the Company's approval) or by reason of death; twelve months after the date the Participant's employment is terminated by reason of his becoming disabled; or the date on which the Participant's employment with the Company is terminated for any other reason.

2. This option may be exercised in whole or in part by filing a written notice with the Secretary of the Company at its corporate headquarters prior to the date the option expires. Such notice shall specify the number of shares of Common Stock which the Participant elects to purchase and shall be accompanied by payment of the option price for such shares. Subject to the provisions of the following sentence, payment shall be cash or by check payable to the Company. All or a portion of such required amount may be paid by delivery of shares of Common Stock having an aggregate fair market value which is equal to the amount of cash which would otherwise be required.

3. In the event of a corporate transaction involving the Company (including, without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination or exchange of shares), the aggregate number of shares of Common Stock subject to this Agreement and the terms of the outstanding stock options may be equitably adjusted by the Committee, in its sole discretion.

4. Except as otherwise provided by the Committee, the option is not assignable or transferable by the Participant otherwise than by will or the laws of descent and distribution and then only as provided herein, and may be exercised during the lifetime of the Participant only by the Participant and only as provided herein. If the option is exercised by the person or persons to whom the rights of the Participant under the option shall pass by will or the laws of descent and distribution, the option may be exercised only in respect of the number of shares which the Participant could have acquired under the option by the exercise thereof at the date of death.

STEPAN COMPANY

BY: _____

Participant

STEPAN COMPANY
NON-QUALIFIED STOCK OPTION AGREEMENT
2000 OPTION PLAN

THIS AGREEMENT, dated as of the ___ day of _____, 200___, and entered into by and between Stepan Company, a Delaware corporation (the "Company"), and _____ (the "Participant").

WITNESSETH THAT:

IT IS AGREED, by and between the parties hereto, as follows:

1. In accordance with the provisions of Stepan Company 2000 Stock Option Plan (the "Plan"), the Company hereby grants to the Participant a Non-Qualified Stock Option to purchase a total of _____ shares of common stock of the Company ("Common Stock"). The option price of each share of Common Stock subject to this Agreement shall be \$_____. The right to exercise the option shall be subject to the terms and conditions of the Plan and this Agreement, shall not be exercisable until the Participant completes two (2) years of employment with the Company following the date first written above and shall expire at the earliest of ten (10) years after the date first written above; the date established by the Compensation and Development Committee of the Board of Directors (the "Committee") at the time of the grant; or the date on which the Participant's employment with the Company is terminated for any reason other than by disability, death or normal retirement (or early retirement with the Company's approval).

2. This option may be exercised in whole or in part by filing a written notice with the Secretary of the Company at its corporate headquarters prior to the date the option expires. Such notice shall specify the number of shares of Common Stock which the Participant elects to purchase and shall be accompanied by payment of the option price for such shares. Subject to the provisions of the following sentence, payment shall be cash or by check payable to the Company. All or a portion of such required amount may be paid by delivery of shares of Common Stock having an aggregate fair market value which is equal to the amount of cash which would otherwise be required.

3. In the event of a corporate transaction involving the Company (including, without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination or exchange of shares), the aggregate number of shares of Common Stock subject to this Agreement and the terms of the outstanding stock options may be equitably adjusted by the Committee, in its sole discretion.

4. Except as otherwise provided by the Committee, the option is not assignable or transferable by the Participant otherwise than by will or the laws of descent and distribution and then only as provided herein, and may be exercised during the lifetime of the Participant only by the Participant and only as provided herein. If the option is exercised by the person or persons to

whom the rights of the Participant under the option shall pass by will or the laws of descent and distribution, the option may be exercised only in respect of the number of shares which the Participant could have acquired under the option by the exercise thereof at the date of death.

STEPAN COMPANY

BY: _____

Participant