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

FORM 10-Q

(MARK ONE)

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

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2011

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

FOR THE TRANSITION PERIOD FROM ______ TO ______

1-4462
Commission File Number

STEPAN COMPANY
(Exact name of registrant as specified in its charter)

Delaware	**36-1823834**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**

Edens and Winnetka Road, Northfield, Illinois 60093
(Address of principal executive offices)

Registrant's telephone number (847) 446-7500

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at April 29, 2011
Common Stock, $1 par value	10,167,629 Shares

Item 1 - Financial Statements

STEPAN COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
Unaudited

(In thousands, except per share amounts)	Three Months Ended March 31 2011	Three Months Ended March 31 2010
Net Sales	$422,598	$337,030
Cost of Sales	360,812	273,478
Gross Profit	61,786	63,552
Operating Expenses:		
Marketing	10,830	10,951
Administrative	10,874	9,063
Research, development and technical services	10,231	9,883
	31,935	29,897
Operating Income	29,851	33,655
Other Income (Expense):		
Interest, net	(2,063)	(1,256)
Loss from equity in joint ventures	(965)	(571)
Other, net (Note 13)	312	(222)
	(2,716)	(2,049)
Income Before Provision for Income Taxes	27,135	31,606
Provision for Income Taxes	8,319	10,925
Net Income	18,816	20,681
Net Income Attributable to Noncontrolling Interests (Note 2)	(55)	(21)
Net Income Attributable to Stepan Company	$ 18,761	$ 20,660
Net Income Per Common Share Attributable to Stepan Company (Note 9):		
Basic	$ 1.80	$ 2.03
Diluted	$ 1.68	$ 1.88
Shares Used to Compute Net Income Per Common Share Attributable to Stepan Company (Note 9):		
Basic	10,323	10,099
Diluted	11,169	10,984
Dividends Declared Per Common Share	$ 0.26	$ 0.24

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these financial statements.

STEPAN COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
Unaudited

(In thousands)	March 31, 2011	December 31, 2010
Assets		
Current Assets:		
Cash and cash equivalents	$ 52,743	$ 111,198
Receivables, net	267,804	199,245
Inventories (Note 6)	119,239	96,552
Deferred income taxes	8,545	8,170
Other current assets	13,754	12,661
Total current assets	462,085	427,826
Property, Plant and Equipment:		
Cost	1,083,539	1,055,553
Accumulated depreciation	(716,749)	(701,968)
Property, plant and equipment, net	366,790	353,585
Goodwill, net	6,745	6,717
Other intangible assets, net	4,942	5,257
Long-term investments (Note 3)	11,437	11,904
Other non-current assets	6,119	6,142
Total assets	$ 858,118	$ 811,431
Liabilities and Stockholders' Equity		
Current Liabilities:		
Current maturities of long-term debt (Note 12)	$ 36,584	$ 31,609
Accounts payable	153,519	115,248
Accrued liabilities	49,896	58,770
Total current liabilities	239,999	205,627
Deferred income taxes	7,002	5,154
Long-term debt, less current maturities (Note 12)	149,102	159,963
Other non-current liabilities	84,500	87,616
Commitments and Contingencies (Note 7)		
Stockholders' Equity:		
5-1/2% convertible preferred stock, cumulative, voting, without par value; authorized 2,000,000 shares; issued and outstanding 520,089 shares in 2011 and 2010	13,002	13,002
Common stock, $1 par value; authorized 30,000,000 shares; Issued 11,585,727 shares in 2011 and 11,511,829 shares in 2010	11,586	11,512
Additional paid-in capital	86,762	83,852
Accumulated other comprehensive loss	(18,899)	(25,599)
Retained earnings	321,772	305,830
Treasury stock, at cost, 1,423,192 shares in 2011 and 1,406,081 shares in 2010	(40,357)	(39,106)
Total Stepan Company stockholders' equity	373,866	349,491
Noncontrolling interests (Note 2)	3,649	3,580
Total stockholders' equity	377,515	353,071
Total liabilities and stockholders' equity	$ 858,118	$ 811,431

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these financial statements.

STEPAN COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
Unaudited

(In thousands)	Three Months Ended March 31 2011	Three Months Ended March 31 2010
Cash Flows From Operating Activities		
Net income	$ 18,816	$ 20,681
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	11,094	9,577
Deferred compensation	(380)	(1,801)
Realized and unrealized gain on long-term investments	(473)	(334)
Stock-based compensation	849	872
Deferred income taxes	1,654	1,948
Other non-cash items	(25)	544
Changes in assets and liabilities:		
Receivables, net	(63,910)	(38,353)
Inventories	(21,027)	(11,237)
Other current assets	(983)	(583)
Accounts payable and accrued liabilities	31,044	16,611
Pension liabilities	(408)	(90)
Environmental and legal liabilities	(197)	(339)
Deferred revenues	(463)	(295)
Excess tax benefit from stock options and awards	(1,036)	(513)
Net Cash Used In Operating Activities	(25,445)	(3,312)
Cash Flows From Investing Activities		
Expenditures for property, plant and equipment	(22,478)	(12,980)
Sale of mutual funds	1,487	701
Other, net	(1,704)	(595)
Net Cash Used In Investing Activities	(22,695)	(12,874)
Cash Flows From Financing Activities		
Revolving debt and bank overdrafts, net	4,004	—
Build-to-suit obligation buyout	(12,206)	—
Other debt repayments	(385)	(997)
Dividends paid	(2,819)	(2,571)
Company stock repurchased	—	(3,750)
Stock option exercises	624	116
Excess tax benefit from stock options and awards	1,036	513
Other, net	(1,293)	(1,068)
Net Cash Used in Financing Activities	(11,039)	(7,757)
Effect of Exchange Rate Changes on Cash	724	852
Net Decrease in Cash and Cash Equivalents	(58,455)	(23,091)
Cash and Cash Equivalents at Beginning of Period	111,198	98,518
Cash and Cash Equivalents at End of Period	$ 52,743	$ 75,427
Supplemental Cash Flow Information		
Cash payments of income taxes, net of refunds	$ 2,418	$ 3,102
Cash payments of interest	$ 1,084	$ 1,044

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these financial statements.

STEPAN COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2011
Unaudited

1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements included herein have been prepared by Stepan Company (Company), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations, although management believes that the disclosures are adequate and make the information presented not misleading. In the opinion of management, all adjustments, consisting only of normal recurring accruals, necessary to present fairly the Company's financial position as of March 31, 2011 and its results of operations and cash flows for the three months ended March 31, 2011 and 2010, have been included. These financial statements and related footnotes should be read in conjunction with the financial statements and related footnotes included in the Company's 2010 Form 10-K.

2. RECONCILIATIONS OF EQUITY

Below are reconciliations of total equity, Company equity and equity attributable to the noncontrolling interests for the three months ended March 31, 2011 and 2010:

(In thousands)	Total Equity	Stepan Company Equity	Noncontrolling Interests' Equity (3)
Balance at January 1, 2011	$353,071	$349,491	$ 3,580
Net income	18,816	18,761	55
Dividends	(2,819)	(2,819)	—
Common stock purchases (1)	(1,274)	(1,274)	—
Stock option exercises	624	624	—
Defined benefit pension adjustments, net of tax	523	523	—
Translation adjustments	6,117	6,103	14
Derivative instrument gain, net of tax	74	74	—
Other (2)	2,383	2,383	—
Balance at March 31, 2011	$377,515	$373,866	$ 3,649

(In thousands)	Total Equity	Stepan Company Equity	Noncontrolling Interests' Equity [3]
Balance at January 1, 2010	$290,427	$289,285	$ 1,142
Net income	20,681	20,660	21
Dividends	(2,571)	(2,571)	—
Common stock purchases [1]	(4,807)	(4,807)	—
Stock option exercises	148	148	—
Defined benefit pension adjustments, net of tax	379	379	—
Translation adjustments	(832)	(832)	—
Other [2]	1,690	1,690	—
Balance at March 31, 2010	$305,115	$303,952	$ 1,163

[1] Includes the value of Company shares purchased in the open market and the value of Company common shares tendered by employees to settle minimum statutory withholding taxes related to the receipt of performance awards.

[2] Primarily comprised of stock-based compensation, deferred compensation and excess tax benefit activities.

[3] 2011 includes partners' noncontrolling interests in the Company's China and Philippines joint ventures. 2010 includes partners' noncontrolling interest in the China joint venture.

3. FINANCIAL INSTRUMENTS

The following are the financial instruments held by the Company at March 31, 2011 and December 31, 2010, and descriptions of the methods and assumptions used to estimate the instruments' fair values:

Cash and cash equivalents

Carrying value approximates fair value because of the short maturity of the instruments.

Derivative assets and liabilities

Derivative assets and liabilities relate to the foreign currency exchange contracts discussed in Note 4. Fair value and carrying value are the same because the contracts are recorded at fair value. The fair values of the foreign currency contracts were calculated as the differences between the applicable forward foreign exchange rates at the reporting date and the contracted foreign exchange rates multiplied by the contracted notional amounts. See the table that follows these financial instrument descriptions for the reported fair values of derivative assets and liabilities.

Long-term investments

Long-term investments are the mutual fund assets the Company holds to fund a portion of its deferred compensation liabilities. Fair value and carrying value are the same because the mutual fund assets are recorded at fair value. Fair values for the mutual funds were calculated using the published market price per unit at the reporting date multiplied by the number of units held at the reporting date. See the table that follows these financial instrument descriptions for the reported fair value of long-term investments.

Debt obligations

The Company's primary source of long-term U.S. debt financing is unsecured private placement notes with fixed interest rates and maturities. Certain foreign subsidiaries also carry fixed-rate debt. The fair value of fixed interest rate debt comprises the combined present values of scheduled principal and interest payments for each of the various loans, individually discounted at rates equivalent to those which could be obtained by the Company for new debt issues with durations equal to the average life to maturity of each loan. The discount rates are based on applicable duration funding rates plus market interest rate spreads to borrowers with credit ratings equivalent to those of the Company. The fair values of the Company's fixed-rate debt at March 31, 2011 and December 31, 2010, including current maturities, were estimated to be $121,781,000 and $122,044,000, respectively. The carrying value of the Company's fixed-rate debt was $113,260,000 at March 31, 2011 and $113,359,000 at December 31, 2010.

The Company's Singapore facility also holds fixed-rate debt in the form of a seller note (related to the 2010 purchase of storage tanks), which had an estimated fair value of $13,715,000 at March 31, 2011, compared to a carrying value of $13,291,000. At December 31, 2010, the fair value of the seller note approximated its carrying value of $13,008,000.

Debt at March 31, 2011 also included $27,000,000 for an unsecured term loan that carried a variable interest rate of LIBOR plus a spread of 125 basis points as of March 31, 2011. As of the end of the first quarter, the current market spread over LIBOR for entities with credit ratings similar to the Company's was approximately 200 basis points. Using the current market spread to discount the scheduled principal and interest payment outflows calculated under the contractual spread, the Company estimates the fair value of the variable interest unsecured term loan at March 31, 2011, at approximately $26,543,000 compared to a carrying value of $27,000,000. At December 31, 2010, the fair value of the variable interest unsecured term loan was $26,390,000 compared to a carrying value of $27,000,000.

Also included in debt as of March 31, 2011 was $8,803,000 of term debt of the Company's Philippine subsidiary, comprised of two bank loans guaranteed by the U.S. parent. Using the current market spread for loans to companies with credit ratings similar to the Company's to discount the scheduled principal and interest payment outflows calculated under the contractual spreads, the Company estimates the combined fair value of these variable interest secured term loans at March 31, 2011, to be approximately $9,061,000 versus a carrying value of $8,803,000. At December 31, 2010, the fair value of these term loans was $9,028,000 compared to a carrying value of $8,805,000.

Because of the short-term nature of the remaining Company debt, the fair values for such debt approximate the carrying values.

The following tables present financial assets and liabilities measured at fair value as of March 31, 2011 and December 31, 2010 and the level within the fair value hierarchy in which the fair value measurements fall:

(In thousands)	March 2011	Level 1	Level 2	Level 3
Mutual fund assets	$11,437	$11,437	$ —	$ —
Derivative assets: [1]				
Foreign currency contracts	—	—	470	—
Total assets at fair value	$11,437	$11,437	$ 470	$ —
Derivative liabilities: [1]				
Foreign currency contracts	$	$	$ 316	$
Total liabilities at fair value	$	$ —	$ 316	$ —

(In thousands)	December 2010	Level 1	Level 2	Level 3
Mutual fund assets	$11,904	$11,904	$ —	$ —
Derivative assets: [1]				
Foreign currency contracts	30	—	30	—
Total assets at fair value	$11,934	$11,904	$ 30	$ —
Derivative liabilities: [1]				
Foreign currency contracts	$ 43	$ —	$ 43	$ —
Total liabilities at fair value	$ 43	$ —	$ 43	$ —

[1] See Note 4 for the balance sheet locations of the derivative assets and liabilities

4. DERIVATIVE INSTRUMENTS

The Company is exposed to certain risks relating to its ongoing business operations. The primary risk managed by the use of derivative instruments is foreign currency exchange risk. The Company holds forward foreign currency exchange contracts that are not designated as any type of accounting hedge, as defined by U.S. generally accepted accounting principles (although they are effectively economic hedges). The Company uses these contracts to manage its exposure to exchange rate fluctuations on certain Company subsidiary accounts receivable, accounts payable and other obligation balances that are denominated in currencies other than the entities' functional currencies. The forward foreign exchange contracts are recognized on the balance sheet as either an asset or a liability measured at fair value. Gains and losses arising from recording the foreign exchange contracts at fair value are reported in earnings as offsets to the losses and gains reported in earnings arising from the re-measurement of the receivable and payable balances into the applicable functional currencies. At March 31, 2011, and December 31, 2010, the Company had open forward foreign currency exchange contracts, with settlement dates ranging from one month to approximately 32 months, to buy or sell foreign currencies with a U.S. dollar equivalent of $51,609,000 and $25,014,000, respectively.

The Company also holds forward foreign currency exchange contracts that are designated as a cash flow hedge. The Company uses these contracts to manage the risks and related cash flow variability resulting from exposure to exchange rate fluctuations on forecasted progress payments related to a construction project undertaken in Singapore. The progress payments are denominated in a currency other than the Singapore location's functional currency. The latest date through which the Company expects to hedge its exposure to the variability in cash flows for the progress payments is December 31, 2013. The forward foreign exchange contracts are recognized on the balance sheet as either an asset or a liability measured at fair value. Period-to-period changes in the fair value of the hedging instruments are recognized in other comprehensive income, to the extent effective. Once the constructed asset is complete and placed into service, the accumulated gains and losses will be reclassified out of accumulated other comprehensive income (AOCI) into earnings in the periods over which the asset is being depreciated. No reclassifications of gains and losses in AOCI were made into earnings in the three month period ended March 31, 2011, and no amounts are expected to be reclassified into earnings in the next 12 months. At March 31, 2011, the Company had an open forward foreign currency exchange contract designated as a cash flow hedge with a U.S. dollar equivalent amount of $10,287,000. No such contracts were held at December 31, 2010.

The fair values of the derivative instruments held by the Company on March 31, 2011, and December 31, 2010, were as follows:

(In thousands)	Asset Derivatives			Liability Derivatives		
		Fair Value At			Fair Value At	
Derivatives Designated As Hedging Instruments	Balance Sheet Line Item	March 31, 2011	December 31, 2010	Balance Sheet Line Item	March 31, 2011	December 31, 2010
Foreign Exchange Contracts	Receivables, net	$ 73	$ —	Accounts payable	$ —	$ —
Derivatives Not Designated As Hedging Instruments						
Foreign Exchange Contracts	Receivables, net	$ 197	$ 30			
Foreign Exchange Contracts	Other non-current assets	200	—	Accounts payable	$ 316	$ 43
Total Non-hedging Derivatives		$ 397	$ 30		$ 316	$ 43
Total Derivatives		$ 470	$ 30		$ 316	$ 43

Information regarding derivative instrument gains and losses for the three month period ended March 31, 2011 and 2010 is displayed below:

(In thousands) Derivatives Not Designated As Hedging Instruments	Income Statement Line Item	Gain (Loss) Three Months Ended March 31 2011	2010
Foreign currency contracts	Other, net	$ 285	$ 780
Forward electric contracts [(1)]	Cost of sales	—	(247)
Total		$ 285	$ 533

[(1)] During 2010, the Company held forward electric contracts to purchase 107,000 megawatts of electricity at fixed prices in 2010. The Company entered into the contracts to help manage the volatile cost of electricity. The electric contracts were considered derivative instruments and did not qualify for the normal purchase election. The contracts expired on December 31, 2010. No such contracts were held on March 31, 2011, or at any time during the three month period then ended.

(In thousands) Derivatives Designated As Cash Flow Hedges	Gain Recognized in Other Comprehensive Income March 31 2011	2010	Income Statement Line Item for Loss Due to Ineffectiveness or Exclusion From Effectiveness Testing	Loss Due to Ineffectiveness or Exclusion From Effectiveness Testing [(1)] March 31 2011	2010
Foreign Exchange Contracts	$ 74	$ —	Other, net	$ (1)	$ —

[(1)] The loss was entirely attributable to the component of the foreign currency exchange contracts that was excluded from the assessment of hedge effectiveness.

5. STOCK-BASED COMPENSATION

On March 31, 2011, the Company had stock options outstanding under its 2000 Stock Option Plan (2000 Plan) and stock options and stock awards outstanding under its 2006 Incentive Compensation Plan. Compensation expense charged against income for all stock options and awards was $849,000 and $872,000 for the three months ended March 31, 2011 and 2010, respectively. Unrecognized compensation cost for stock options and stock awards was $2,171,000 and $3,715,000, respectively, at March 31, 2011, compared to $972,000 and $2,234,000, respectively, at December 31, 2010. The increase in unrecognized compensation cost was due to 2011 grants of 61,423 stock options and 28,495 stock awards. The unrecognized compensation cost at March 31, 2011, is expected to be recognized over weighted average periods of 1.5 years and 2.2 years for stock options and stock awards, respectively.

6. <u>INVENTORIES</u>

The composition of inventories was as follows:

(In thousands)	March 31, 2011	December 31, 2010
Finished products	$ 73,414	$ 62,685
Raw materials	45,825	33,867
Total inventories	$119,239	$ 96,552

Inventories are primarily priced using the last-in, first-out inventory valuation method. If the first-in, first-out inventory valuation method had been used for all inventories, inventory balances would have been approximately $37,059,000 and $34,280,000 higher than reported at March 31, 2011, and December 31, 2010, respectively.

7. <u>CONTINGENCIES</u>

There are a variety of legal proceedings pending or threatened against the Company. Some of these proceedings may result in fines, penalties, judgments or costs being assessed against the Company at some future time. The Company's operations are subject to extensive local, state and federal regulations, including the U.S. Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA) and the Superfund amendments of 1986 (Superfund). Over the years, the Company has received requests for information related to or has been named by the government as a potentially responsible party (PRP) at a number of waste disposal sites where clean up costs have been or may be incurred under CERCLA and similar state statutes. In addition, damages are being claimed against the Company in general liability actions for alleged personal injury or property damage in the case of some disposal and plant sites. The Company believes that it has made adequate provisions for the costs it may incur with respect to these sites.

The Company has estimated a range of possible environmental and legal losses of $10.1 million to $29.4 million at March 31, 2011. At March 31, 2011 and December 31, 2010, the Company's accrued liability for such losses, which represented the Company's best estimate within the estimated range of possible environmental and legal losses, was $15.9 million. Actual costs could differ from the estimated reported liability. During the first three months of 2011 cash outlays related to legal and environmental matters approximated $0.7 million compared to $0.6 million in the first three months of 2010.

For certain sites, estimates of the total costs of compliance or the Company's share of such costs cannot be determined; consequently, the Company is unable to predict the effect thereof on the Company's financial position, cash flows and results of operations. Management believes that in the event of one or more adverse determinations in any annual or interim period, the impact on the Company's cash flows and results of operations for those periods could be material. However, based upon the Company's present belief as to its relative involvement at these sites, other viable entities' responsibilities for cleanup, and the extended period over which any costs would be incurred, the Company believes that these matters, individually and in the aggregate, will not have a material effect on the Company's financial position.

Following are summaries of the material contingencies at March 31, 2011:

Maywood, New Jersey Site

The Company's property in Maywood, New Jersey and property formerly owned by the Company adjacent to its current site and other nearby properties (Maywood site) were listed on the National Priorities List in September 1993 pursuant to the provisions of CERCLA because of certain alleged chemical contamination. Pursuant to an Administrative Order on Consent entered into between USEPA and the Company for property formerly owned by the Company, and the issuance of an order by USEPA to the Company for property currently owned by the Company, the Company completed a Remedial Investigation Feasibility Study (RI/FS) in 1994. The Company submitted the Draft Feasibility Study for Soil and Source Areas (Operable Unit 1) in September 2002. In addition, the Company has submitted other documentation and information as requested by USEPA, including a Draft Final FS for Groundwater (Operable Unit 2) in June 2003, additional information regarding groundwater in May 2007, submission of a Draft Feasibility Study for Soil and Groundwater (Operable Units 1 and 2) in March 2009, and additional requested information regarding soil and groundwater in February 2010 and June 2010. The Company also submitted another Draft Feasibility Study for Soil and Groundwater (Operable Units 1 and 2) in September 2010. The Company is awaiting the issuance of a Record of Decision from USEPA.

The Company believes its recorded liability for the estimated probable costs it expects to incur at the Maywood site related to remediation of chemical contamination is adequate. However, depending on the results of the ongoing discussions with USEPA, the final cost of such remediation could differ from the current estimates.

D'Imperio Property Site

During the mid-1970's, Jerome Lightman and the Lightman Drum Company disposed of hazardous substances at several sites in New Jersey. The Company was named as a PRP in the case *United States v. Lightman* (1:92-cv-4710 D.N.J.), which involved the D'Imperio Property Site located in New Jersey. In the second quarter of 2007, the Company reached an agreement with respect to the past costs and future allocation percentage in said litigation for costs related to the D'Imperio site, including costs to comply with USEPA's Unilateral Administrative Orders. The Company paid the settlement amount in the third quarter of 2007**.** The resolution of the Company's liability for this litigation did not have a material impact on the financial position, results of operations or cash flows of the Company. In December 2007, the Company received updated remediation cost estimates, which were considered in the Company's determination of its range of estimated possible losses and reserve balance.

Remediation work is continuing at this site. Based on current information, the Company believes that its recorded liability for claims associated with the D'Imperio site is adequate. However, actual costs could differ from current estimates.

Wilmington Site

The Company is currently contractually obligated to contribute to the response costs associated with the Company's formerly-owned site at 51 Eames Street, Wilmington, Massachusetts. Remediation at this site is being managed by its current owner to whom the Company sold the property in 1980. Under the agreement, once total site remediation costs exceed certain levels, the Company is obligated to contribute up to five percent of future response costs associated with this site with no limitation on the ultimate amount of contributions. To date, the Company has paid the current owner $1.9 million for the Company's portion of environmental response costs through the fourth quarter of 2010 (the current owner of the site bills the Company one calendar quarter in arrears). The Company has recorded a liability for its portion of the estimated remediation costs for the site. Depending on the ultimate cost of the remediation at this site, the amount for which the Company is liable could differ from the current estimates.

In addition, in response to the special notice letter received by the PRPs in June 2006 from USEPA seeking performance of an RI/FS at the site, certain PRPs, including the Company, signed an Administrative Settlement Agreement and Order on Consent for the RI/FS effective July 2007, which sets forth the obligations of the PRPs to perform the RI/FS.

The Company and other prior owners also entered into an agreement in April 2004 waiving certain statute of limitations defenses for claims which may be filed by the Town of Wilmington, Massachusetts, in connection with this site. While the Company has denied any liability for any such claims, the Company agreed to this waiver while the parties continue to discuss the resolution of any potential claim which may be filed.

The Company believes that based on current information its recorded liability for the claims related to this site is adequate. However, actual costs could differ from current estimates.

Poland Manufacturing Site

During the due diligence phase of the Company's 2010 acquisition of Alfa Systems Sp. z o.o. (Alfa Systems) in Brzeg Dolny, Poland, some soil contamination in levels above allowable standards in Poland was discovered on the plant site, and there is a legal obligation to conduct further investigation and remediation. To expedite the purchase of Alfa Systems, the Company agreed to assume the remediation obligation. As part of the purchase agreement, the Company negotiated a purchase price holdback provision of $1.1 million, wherein any portion of the holdback not spent for soil remediation after one year following the acquisition date (i.e., July 15, 2011) would be remitted to the previous owners of Alfa Systems. A remediation liability was included as one of the liabilities assumed at the time of acquisition. Based on current information, management believes remediation of the Poland site will be completed by the holdback deadline and the cost to remediate will be at least the holdback amount. Therefore, no contingent consideration liability was recognized on the Company's balance sheets at March 31, 2011, or December 31, 2010. In addition, during the quarter ended March 31, 2011, management increased its estimate of the cost to remediate the site and, accordingly, the recorded remediation liability for the site was increased. The adjustment to the liability did not have a material effect on the Company's results of operations, financial position or cash flows. The Company believes its recorded liability for the Poland site is adequate, but actual costs could differ from current estimates.

8. POSTRETIREMENT BENEFIT PLANS

Defined Benefit Pension Plans

The Company sponsors various funded qualified and unfunded non-qualified defined benefit pension plans, the most significant of which cover employees in the U.S. and U.K. locations. The U.S. and U.K. defined benefit pension plans are frozen and service benefits are no longer being accrued.

Components of Net Periodic Benefit Cost

(In thousands)	UNITED STATES Three Months Ended March 31		UNITED KINGDOM Three Months Ended March 31	
	2011	2010	2011	2010
Interest cost	$ 1,762	$ 1,767	$ 276	$ 262
Expected return on plan assets	(2,012)	(1,962)	(261)	(218)
Amortization of net actuarial loss	785	535	51	69
Net periodic benefit cost	$ 535	$ 340	$ 66	$ 113

Employer Contributions

U.S. Plans

The Company expects to contribute approximately $4,225,000 to its U.S. qualified defined benefit pension plans in 2011 and to pay $268,000 in 2011 related to its unfunded non-qualified plans. As of March 31, 2011, $604,000 had been contributed to the qualified plans and $132,000 had been paid related to the non-qualified plans.

U.K. Plan

The Company's United Kingdom subsidiary expects to contribute approximately $889,000 to its defined benefit pension plan in 2011. As of March 31, 2011, $228,000 had been contributed to the plan.

Defined Contribution Plans

Defined contribution plan expenses for the Company's retirement savings plan were $950,000 for the three months ended March 31, 2011, compared to $1,124,000 for three months ended March 31, 2010.

Expenses related to the Company's profit sharing plan were $1,150,000 and $1,376,000, for the three months ended March 31, 2011 and 2010, respectively.

9. EARNINGS PER SHARE

Below are the computations of basic and diluted earnings per share for the three months ended March 31, 2011 and 2010.

(In thousands, except per share amounts)	Three Months Ended March 31 2011	2010
Computation of Basic Earnings per Share		
Net income attributable to Stepan Company	$18,761	$20,660
Deduct dividends on preferred stock	179	188
Income applicable to common stock	$18,582	$20,472
Weighted-average number of common shares outstanding	10,323	10,099
Basic earnings per share	$ 1.80	$ 2.03
Computation of Diluted Earnings per Share		
Net income attributable to Stepan Company	$18,761	$20,660
Weighted-average number of common shares outstanding	10,323	10,099
Add net shares issuable from assumed exercise of options (under treasury stock method) (1)	250	261
Add net shares related to unvested stock awards (under treasury stock method)	2	—
Add weighted-average shares issuable from assumed conversion of convertible preferred stock	594	624
Shares applicable to diluted earnings	11,169	10,984
Diluted earnings per share	$ 1.68	$ 1.88

(1) Options to purchase 59,865 shares of Company common stock were not included in the computation of diluted earnings per share for the three months ended March 31, 2011. The options' exercise prices were greater than the average market price for the common stock and their effect would have been antidilutive. There were no antidilutive stock options for the three months ended March 31, 2010.

10. COMPREHENSIVE INCOME

Comprehensive income includes net income and all other non-owner changes in equity that are not reported in net income. Below is the Company's comprehensive income for the three months ended March 31, 2011 and 2010:

(In thousands)	Three Months Ended March 31 2011	Three Months Ended March 31 2010
Net income	$18,816	$20,681
Other comprehensive income:		
Foreign currency translation gains (losses)	6,117	(832)
Pension liability adjustments, net of tax	523	379
Derivative instrument gain, net of tax	74	—
Comprehensive income	25,530	20,228
Comprehensive income attributable to the noncontrolling interests	(69)	(21)
Comprehensive income attributable to Stepan Company	$25,461	$20,207

11. SEGMENT REPORTING

The Company has three reportable segments: surfactants, polymers and specialty products. Segment operating results for the three months ended March 31, 2011 and 2010 are summarized below:

(In thousands)	Surfactants	Polymers	Specialty Products	Segment Totals
For the three months ended March 31, 2011				
Net sales	$324,885	$86,399	$11,314	$422,598
Operating income	28,164	6,365	3,264	37,793
For the three months ended March 31, 2010				
Net sales	$262,313	$63,110	$11,607	$337,030
Operating income	29,253	6,652	4,223	40,128

Below are reconciliations of segment operating income to consolidated income before income taxes:

(In thousands)	Three Months Ended March 31	
	2011	2010
Operating income segment totals	$37,793	$40,128
Unallocated corporate expenses [a]	(7,942)	(6,473)
Total operating income	29,851	33,655
Interest expense, net	(2,063)	(1,256)
Loss from equity in joint ventures	(965)	(571)
Other, net	312	(222)
Consolidated income before income taxes	$27,135	$31,606

[a] Unallocated corporate expenses primarily comprise corporate administrative expenses (e.g., corporate finance, legal, human resources, information systems) that are not included in segment operating income and not used to evaluate segment performance.

12. DEBT

At March 31, 2011, and December 31, 2010, debt comprised the following:

(In thousands)	Maturity Dates	March 31, 2011	December 31, 2010
Unsecured private placement notes			
5.88%	2016-2022	$ 40,000	$ 40,000
5.69%	2012-2018	40,000	40,000
6.86%	2011-2015	21,428	21,428
6.59%	2011-2012	5,454	5,454
Unsecured bank term loan	2011-2013	27,000	27,000
Build-to-suit obligation	2011-2030	—	11,384
Debt of foreign subsidiaries			
Secured bank term loans, foreign currency	2011-2015	8,181	8,156
Secured bank term loan, U.S. dollars	2011-2014	7,000	7,000
Other loans, foreign currency	2011-2015	23,332	18,142
Seller notes, foreign currency	2011-2013	13,291	13,008
Total debt		$185,686	$ 191,572
Less current maturities		36,584	31,609
Long-term debt		$149,102	$ 159,963

On January 19, 2010, the Company entered into a build-to-suit lease agreement for the construction of a warehouse at its Millsdale (Joliet), Illinois, manufacturing site. On March 18, 2011 the Company purchased this warehouse for $12,206,000, which eliminated the build-to-suit obligation. The difference between the purchase price and the carrying value of the build-to-suit obligation at the time of purchase was recorded as an increase to property, plant and equipment.

The various loan agreements contain provisions, which, among others, require maintenance of certain financial ratios and place limitations on additional debt, investments and payment of dividends. Based on the loan agreement provisions that place limitations on dividend payments, unrestricted retained earnings (i.e., retained earnings available for dividend distribution) were $152,233,000 and $138,727,000 at March 31, 2011, and December 31, 2010, respectively.

13. OTHER, NET

Other, net in the consolidated statements of income included the following:

(In thousands)	Three Months Ended March 31	
	2011	2010
Foreign exchange loss	$ (174)	$ (571)
Investment income	13	15
Realized and unrealized gain on investments	473	334
Other, net	$ 312	$ (222)

14. RECENT ACCOUNTING PRONOUNCEMENTS

In December 2010, the Financial Accounting Standards Board issued Accounting Standards Update No. 2010-29, “Business Combinations (Topic 805): Disclosures of Supplementary Pro Forma Information for Business Combinations” (ASU 2010-29), which specifies that pro forma disclosures for business combinations are to be reported as if the business combinations that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period. The pro forma disclosures must also include a description of material, nonrecurring pro forma adjustments. ASU 2010-29 is effective for business combinations with an acquisition date of January 1, 2011 or later. Adoption of the new requirement did not have an effect on the Company’s financial position, results of operations or cash flows.

Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations

The following is management's discussion and analysis of certain significant factors that have affected the Company's financial condition and results of operations during the interim period included in the accompanying condensed consolidated financial statements.

Except for the historical statements contained in this report, the matters discussed in the following discussion and analysis are forward-looking statements that are subject to certain risks, uncertainties and assumptions. Such forward-looking statements are intended to be identified in this document by the words, "anticipate," "believe," "estimate," "expect," "intend," "may," "objective," "outlook," "plan," "project," "possible," "potential," "should" and similar expressions. Actual results may vary materially.

Forward-looking statements speak only as of the date they are made, and the Company does not undertake any obligation to update them to reflect changes that occur after that date. Factors that could cause actual results to differ materially include the items described in Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2010.

Overview

The Company produces and sells intermediate chemicals that are used in a wide variety of applications worldwide. The overall business comprises three reportable segments:

- Surfactants – Surfactants, which accounted for 77 percent of consolidated net sales for the first quarter of 2011, are principal ingredients in consumer and industrial cleaning products such as detergents for washing clothes, dishes, carpets, floors and walls, as well as shampoos, body washes, toothpastes and fabric softeners. Other applications include germicidal quaternary compounds, lubricating ingredients, emulsifiers (for spreading agricultural products), plastics and composites and biodiesel. Surfactants are manufactured at six North American sites (five in the U.S. and one in Canada), three European sites (United Kingdom, France and Germany), three Latin American sites (Mexico, Brazil and Colombia) and one Asian site (Philippines; the Company acquired controlling interest in Stepan Philippines Inc. (SPI) on July 19, 2010). Also in the third quarter of 2010, the Company purchased assets in Singapore and initiated the development of a methyl esters plant in that location. Completion of the Singapore plant is expected in the second quarter of 2012. The Company also holds a 50 percent ownership interest in a joint venture, TIORCO, LLC (TIORCO), that markets chemical solutions for increasing the production of crude oil and natural gas from existing fields. The joint venture is accounted for under the equity method, and its financial results are excluded from surfactant segment operating results.

- Polymers – Polymers, which accounted for 20 percent of consolidated net sales for the first quarter of 2011, include two primary product lines: polyols and phthalic anhydride. Polyols are used in the manufacture of rigid laminate insulation board for thermal insulation in the construction industry. Polyols are also a base raw material for flexible foams, coatings, adhesives, sealants and elastomers. Phthalic anhydride is used in unsaturated polyester resins, alkyd resins and plasticizers for applications in construction materials and components of automotive, boating and other consumer products. In addition, phthalic anhydride is used internally in the production of polyols. In the U.S., polymer product lines are manufactured at the Company's Millsdale, Illinois, site. In Europe, polyols are manufactured at the Company's subsidiaries in Germany and Poland. The Poland entity was acquired in the third quarter of 2010. Polyols are also produced at the Company's 80-percent owned joint venture in Nanjing, China.
- Specialty Products – Specialty products, which accounted for three percent of consolidated net sales for the first quarter of 2011, include flavors, emulsifiers and solubilizers used in the food and pharmaceutical industries. Specialty products are primarily manufactured at the Company's Maywood, New Jersey, site.

Deferred Compensation Plans

The accounting for the Company's deferred compensation plans can cause period-to-period fluctuations in Company expenses and profits. Compensation income results when the value of Company common stock held for the plans declines, and compensation expense results when the value of Company common stock increases. The pretax effect of all deferred compensation-related activities (including realized and unrealized gains and losses on the mutual fund assets held to fund the deferred compensation obligations) and the income statement line items in which the effects of the activities were recorded are displayed below:

(In millions)	Income For the Three Months Ended March 31		
	2011	2010	Increase (Decrease)
Deferred Compensation (Administrative expense)	$ 0.4	$ 1.8	($ 1.4) (1)
Realized/Unrealized Gains on Investments (Other, net)	0.5	0.4	0.1
Pretax Income Effect	$ 0.9	$ 2.2	($ 1.3)

(1) The value of Company common stock declined $3.77 per share from $76.27 per share at December 31, 2010, to $72.50 per share at March 31, 2011. For the first quarter of 2010, the Company's common stock price declined $8.92 per share from $64.81 per share at December 31, 2009, to $55.89 per share at March 31, 2010.

Effects of Foreign Currency Translation

The Company's foreign subsidiaries transact business and report financial results in their respective local currencies. As a result, foreign subsidiary income statements are translated into U.S. dollars at average foreign exchange rates appropriate for the reporting period. Because foreign exchange rates fluctuate against the U.S. dollar over time, foreign currency translation affects period-to-period comparisons of financial statement items (i.e., because foreign exchange rates fluctuate, similar period-to-period local currency results for a foreign subsidiary may translate into different U.S. dollar results). For the quarter ended March 31, 2011, except for the European euro, the U.S. dollar weakened against all the foreign currencies in the locations where the Company does business, when compared to the exchange rates for the quarter ended March 31, 2010. Consequently, reported net sales, expense and income amounts for the first quarter of 2011 were higher than they would have been had the foreign currency exchange rates remained constant with the rates for the first quarter of 2010. The following table presents the effect that foreign currency translation had on the quarter-over-quarter changes in consolidated net sales and various income line items for the quarter ended March 31, 2011:

(In millions)	Three Months Ended March 31 2011	Three Months Ended March 31 2010	Increase (Decrease)	Increase Due to Foreign Translation
Net Sales	$422.6	$337.0	$ 85.6	$ 3.5
Gross Profit	61.8	63.6	(1.8)	0.4
Operating Income	29.9	33.7	(3.8)	0.3
Pretax Income	27.1	31.6	(4.5)	0.2

RESULTS OF OPERATIONS

Three Months Ended March 31, 2011 and 2010

Summary

Net income attributable to the Company for the first quarter of 2011 declined nine percent to $18.8 million, or $1.68 per diluted share, compared to $20.7 million, or $1.88 per diluted share, for the first quarter of 2010. Below is a summary discussion of the major factors leading to the quarter-over-quarter changes in net sales, profits and expenses. A detailed discussion of segment operating performance for the first quarter of 2011 follows the summary.

Consolidated net sales increased $85.6 million, or 25 percent, quarter over quarter. Higher average selling prices, higher sales volume and the effects of foreign currency translation accounted for approximately $70.1 million, $12.0 million and $3.5 million, respectively, of the increase. The rise in average selling prices was primarily attributable to price increases resulting from higher quarter-over-quarter raw material costs. Sales volume improved four percent, reflecting increases for all three segments.

Operating income for the first quarter of 2011 was $3.8 million lower (11 percent) than operating income for the first quarter of 2010. Gross profit declined $1.8 million, or three percent. Rising raw material costs led to lower margins in Europe and for the Company's specialty products segment. The effects of foreign currency translation reduced the gross profit decline by about $0.4 million.

Operating expenses increased $2.0 million, or seven percent, between quarters due primarily to the following:

- Administrative expenses increased $1.8 million, or 20 percent, due largely to a $1.4 million decrease in deferred compensation income. The reduction in deferred compensation income resulted primarily from changes in the price of Company common stock to which a large part of the deferred compensation obligation is tied. See the 'Overview' and 'Corporate Expenses' sections of this management discussion and analysis for further details. A $0.3 million increase in consulting expenses contributed to the higher administrative expenses.
- Marketing expenses declined $0.1 million, or one percent, quarter over quarter. Bad debt expense declined $0.5 million, which reflected lower provision requirements for high-risk customers throughout the Company's global organization. The lower bad debt expense was largely offset by expenses for the Philippines and Poland subsidiaries (that were first consolidated in the third quarter of 2010) and the unfavorable effects of foreign currency translation.
- Research, development and technical service expenses were up $0.3 million, or four percent, quarter over quarter.

Interest expense, net for the first quarter of 2011 was up $0.8 million, or 64 percent, over interest expense for the first quarter of 2010. Higher average debt levels led to the increase. In the second quarter of 2010, the Company secured $40 million of additional long-term notes to take advantage of the low interest rate environment and to support global growth initiatives.

The loss from equity joint ventures, which included results for TIORCO for the first quarter of 2011 compared to results for TIORCO and SPI for the first quarter of 2010 (the Company acquired controlling interest of SPI in the third quarter of 2010), increased $0.4 million quarter over quarter. The equity loss in TIORCO increased $0.2 million and the first quarter of last year included SPI equity income of $0.2 million. The Company also sells surfactant products to TIORCO and its customers. The sales and resulting income from the sales are included in the Company's surfactants segment operating results.

Other, net was $0.3 million of income for the first quarter of 2011 compared to $0.2 million of expense for the first quarter of 2010, a favorable swing of $0.5 million. Foreign exchange losses were down $0.4 million between quarters and investment related income was up $0.1 million.

The effective tax rate was 30.7 percent for the first quarter of 2011 compared to 34.6 percent for the first quarter of 2010. The decrease was primarily attributable to structural changes that will provide a recurring benefit in lowering the effective tax rate on foreign earnings. An increase in U.S. tax credits also contributed to the lower effective tax rate.

Segment Results

(Dollars in thousands)	Surfactants	Polymers	Specialty Products	Segment Results	Corporate	Total
For the three months ended March 31, 2011						
Net sales	$324,885	$86,399	$11,314	$422,598	—	$422,598
Operating income	28,164	6,365	3,264	37,793	(7,942)	29,851
For the three months ended March 31, 2010						
Net sales	$262,313	$63,110	$11,607	$337,030	—	$337,030
Operating income	29,253	6,652	4,223	40,128	(6,473)	33,655

Surfactants

Surfactants net sales for the first quarter of 2011 increased $62.6 million, or 24 percent, over net sales for the first quarter of 2010. Higher average selling prices, the effects of foreign currency translation and a one percent increase in sales volume accounted for approximately $56.7 million, $3.6 million and $2.3 million, respectively, of the net sales change. A quarter-over-quarter comparison of net sales by region follows:

	For the Three Months Ended			
(Dollars in thousands)	March 31, 2011	March 31, 2010	Increase	Percent Change
North America	$ 206,150	$ 178,620	$27,530	+15
Europe	77,193	59,580	17,613	+30
Latin America	32,197	24,113	8,084	+34
Asia	9,345	—	9,345	NM
Total Surfactants Segment	$ 324,885	$ 262,313	$62,572	+24

Net sales for North American operations increased 15 percent due to a 21 percent increase in average selling prices and the effects of foreign currency translation, which accounted for $36.2 million and $1.1 million, respectively, of the net sales change. A six percent decline in sales volume reduced the quarter-over-quarter change by $9.8 million. Average selling prices increased primarily as a result of higher costs for all major raw materials. The foreign currency translation effect resulted from the strengthening of the Canadian dollar against the U.S. dollar. Sales volume declined largely due to an eight percent decrease in laundry product volume that was partially offset by improved sales of higher margin functional products. The decline in laundry sales volume was attributable to nonrecurring business in the year ago quarter.

Net sales for European operations increased 30 percent due to a 30 percent increase in average selling prices, which accounted for $17.5 million of the net sales increase. The favorable effects of foreign currency translation added another $0.5 million to the quarter-over-quarter change, largely offset by the effects of a one percent decline in sales volume. Selling price increases made throughout 2010, reflecting higher raw material costs, accounted for the increase in average selling prices.

Net sales for Latin American operations were up 34 percent as a result of a 13 percent increase in sales volume, an 11 percent increase in average selling prices and the favorable effects of foreign currency translation, which accounted for $3.1 million, $3.0 million and $2.0 million, respectively, of the quarter-over-quarter net sales change. Additional business gained throughout 2010 at the Company's Brazil subsidiary accounted for approximately 70 percent of the sales volume growth. The Mexico and Colombia subsidiaries also contributed to this growth. The increase in average selling prices was attributable to increased raw material costs. The favorable currency translation impact resulted from the strengthening of the currencies for all three Latin American locations against the U.S. dollar.

The $9.3 million of net sales for Asia operations reflected sales by the Company's Philippines subsidiary, which is now consolidated.

Surfactants operating income for the first quarter of 2011 was $1.1 million lower than operating income for the first quarter of 2010. Gross profit declined $1.0 million due principally to the effects of lower margins in Europe and higher start-up costs in Brazil, partially offset by improved margins in Asia. The effects of foreign currency translation reduced the quarter-over-quarter gross profit decline by $0.4 million. Operating expenses increased $0.1 million, or one percent. Quarter-over-quarter comparisons of gross profit by region and total segment operating expenses and operating income follow:

(Dollars in thousands)	For the Three Months Ended			
	March 31, 2011	March 31, 2010	Increase (Decrease)	Percent Change
Gross Profit				
North America	$ 37,546	$ 37,238	$ 308	+1
Europe	5,701	7,067	(1,366)	-19
Latin America	3,165	4,036	(871)	-22
Asia	971	—	971	NM
Total Surfactants Segment	$ 47,383	$ 48,341	$ (958)	-2
Operating Expenses	19,219	19,088	131	+1
Operating Income	$ 28,164	$ 29,253	$ (1,089)	-4

North American gross profit was up one percent quarter-over-quarter despite lower sales volume. The previously noted increase in average selling prices, coupled with a more favorable mix of sales, helped to offset the impact of the decrease in sales volume. The Company announced selling price increases effective April 1, 2011.

Gross profit for European operations declined 19 percent due largely to the effects of higher raw material costs. The previously mentioned selling price increases did not keep pace with the rapid rise in raw material costs. The decline in sales volume also contributed to the lower gross profit.

Gross profit for Latin American operations was down 22 percent primarily as a result of higher manufacturing costs due to the recent neutralizer capacity expansion in Brazil.

The $1.0 million of gross profit for Asia operations reflected profits earned by the Company's Philippines subsidiary.

Operating expenses for the surfactants segment were up $0.1 million, or one percent, quarter-over-quarter. Operating expenses for the Singapore and Philippines locations, which were first consolidated in the third quarter of 2010, accounted for $0.5 million of the increase. Lower bad debt expense for the segment offset the Singapore and Philippines expenses by $0.3 million.

Polymers

Polymers net sales for the first quarter of 2011 increased $23.3 million, or 37 percent, from net sales for the same quarter of 2010. A 19 percent improvement in sales volume and higher average selling prices accounted for $12.1 million and $11.3 million, respectively, of the increase. The effects of foreign currency translation were insignificant. A quarter-over-quarter comparison of net sales by region is displayed below:

	For the Three Months Ended			
(Dollars in thousands)	March 31, 2011	March 31, 2010	Increase	Percent Change
North America	$ 54,189	$ 41,973	$12,216	+29
Europe	28,580	18,440	10,140	+55
Asia and Other	3,630	2,697	933	+35
Total Polymers Segment	$ 86,399	$ 63,110	$23,289	+37

Net sales for North American operations increased 29 percent due to a 14 percent increase in average selling prices and a 14 percent increase in sales volume. The increases in average selling prices and sales volume accounted for $6.5 million and $5.7 million, respectively, of the increase in net sales. The higher average selling prices reflected rising raw material costs for all polymer product lines. Sales volume for polyols and phthalic anhydride increased 22 percent and six percent, respectively. The sales volume improvement resulted primarily from increased demand from existing customers, reflecting improvement in the market segments into which the polymer segment sells.

Net sales for European operations grew 55 percent due to a 34 percent increase in sales volume and a 17 percent increase in average selling prices, which accounted for $6.2 million and $4.1 million, respectively, of the net sales improvement. The effects of foreign currency translation reduced the effects of the higher sales volume and prices by $0.2 million. The higher quarter-over-quarter sales volume reflected stronger demand from most major polyol customers and new business gained throughout 2010. In addition, the Company's Poland subsidiary, which was acquired in the third quarter of 2010, accounted for nine percent of the quarter-over-quarter sales volume growth. Increased raw material costs led to the higher average selling prices.

Asia and Other operations' net sales were up 35 percent quarter over quarter due to a 15 percent increase in average selling prices coupled with a 13 percent increase in sales volume. Higher raw material costs drove the increase in selling prices, and new business secured by the Company's China subsidiary led to the quarter-over-quarter growth in sales volume.

Polymer operating income for the first quarter of 2011 declined $0.3 million from operating income for the first quarter of 2010. Gross profit was essentially unchanged quarter-over-quarter, as improvement in gross profit for North American operations was offset by a decline in gross profit for European operations. Operating expenses increased $0.3 million, or six percent, between quarters. Below are quarter-over-quarter comparisons of gross profit by region and total segment operating expenses and operating income:

(Dollars in thousands)	For the Three Months Ended			
	March 31, 2011	March 31, 2010	Increase (Decrease)	Percent Change
Gross Profit				
North America	$ 8,560	$ 7,442	$ 1,118	+15
Europe	2,366	3,419	(1,053)	-31
Asia and Other	183	280	(97)	-35
Total Polymers Segment	$ 11,109	$ 11,141	$ (32)	—
Operating Expenses	4,744	4,489	255	+6
Operating Income	$ 6,365	$ 6,652	$ (287)	-4

Gross profit for North American operations increased 15 percent due to the 14 percent increase in sales volume noted earlier. Average unit margins were unchanged, as quarter-over-quarter selling price increases essentially equaled quarter-over-quarter average raw material cost increases. The Company announced March 15, 2011, polyol selling price increases to help prevent margin deterioration.

Gross profit for European operations declined 31 percent despite the 34 percent increase in sales volume. The effects of rising raw material costs coupled with the outsourcing of polyols from the segment's North American operations due to capacity constraints more than offset the favorable impact of the sales volume growth. Selling price increases were made throughout 2010 but have not kept pace with increases in costs. The Company's project to expand polyol capacity at the segment's Germany location is scheduled to be completed late in May of 2011.

The decline in gross profit for Asia and Other operations reflected higher raw material costs that more than offset the effect of the 13 percent increase in sales volume.

The $0.3 million increase in operating expenses was attributable to higher marketing expenses for European operations.

Specialty Products

Net sales for the first quarter of 2011 were $0.3 million, or three percent, lower than net sales for the first quarter of 2010. Lower sales volume for products used in health care and pharmaceutical applications led to the decline. Operating income was down $1.0 million, or 23 percent, quarter over quarter due to higher raw material costs and the lower health care and pharmaceutical product sales volume.

Corporate Expenses

Corporate expenses, which comprise operating expenses that are not allocated to the reportable segments, increased $1.4 million (23 percent) to $7.9 million for the first quarter of 2011 from $6.5 million for the first quarter of 2010. Deferred compensation expense accounted for the increase, as the Company recorded $0.4 million of deferred compensation income for the first quarter of 2011 compared to $1.8 million of income for the first quarter of 2010. The value of Company common stock, to which a large portion of the deferred compensation obligation is tied, declined $3.77 per share from $76.27 per share at December 31, 2010, to $72.50 per share at March 31, 2011. For last year's first quarter, the Company's common stock price declined $8.92 per share from $64.81 per share at December 31, 2009, to $55.89 per share at March 31, 2010. The accounting for the Company's deferred compensation plans results in income when the value of Company common stock held in the plans falls and expense when the value of Company common stock increases. The smaller decline in common share price led to less compensation income recorded in the first quarter of 2011 than in the first quarter of 2010.

LIQUIDITY AND CAPITAL RESOURCES

For the first three months of 2011, the Company used $58.4 million of available cash to fund a net operating cash use of $25.4 million, net investing cash uses of $22.7 million and net financing cash outflows of $11.0 million, with exchange rates increasing cash by $0.7 million. For the first quarter of 2011, net income was down by $1.9 million and working capital consumed $21.3 million more than for the same period in 2010. Investing cash outflows increased by $9.8 million year over year and financing outflows increased by $3.3 million.

For the first quarter of 2011, changes in accounts receivable resulted in a cash use of $63.9 million versus a use of $38.4 million for the year ago quarter. Inventories were a use of $21.0 million compared to a use of $11.2 million in 2010. Accounts payable and accrued liabilities were a source of $31.0 million during 2011 compared to $16.6 million in 2010.

During 2011, the rising cost of raw materials drove higher selling prices to customers which, in turn, required higher working capital growth for the current year quarter compared to the same quarter in 2010. The Company's working capital investment is heavily influenced by the cost of crude oil and natural oils, from which many of its raw materials are derived. Higher raw material costs translate directly to higher inventory carrying costs and indirectly to customer selling prices and accounts receivable.

The year-to-date accounts receivable increase was driven approximately equally by the combination of higher quarterly sales volumes and higher selling prices, partially offset by improved accounts receivable turnover since year-end. Slightly more than 50 percent of the year-to-date inventory increase resulted from higher raw material costs with the rest attributable to planned increases to support customer service levels. The Company has not changed its own payment practices related to its payables. It is management's opinion that the Company's liquidity is sufficient to provide for potential increases in working capital during 2011.

Investing cash outflows for the first three months of 2011 totaled $22.7 million compared to $12.9 million for the same period in 2010. Capital expenditures for the first quarter of 2011 totaled $22.5 million, including higher spending for capacity expansion, compared to $13.0 million for the year-ago quarter. For 2011, the Company estimates that full-year capital spending will range from $85 million to $90 million, including a capacity expansion in Singapore. The estimated range of capital expenditures excludes $12.2 million for the purchase of the Millsdale (Joliet), Illinois, warehouse, which was reflected in financing activities for the current year quarter. Prior to the cash purchase, the warehouse was recorded as an asset on the Company's balance sheet along with a build-to-suit lease obligation. During 2011 the Company also liquidated $1.5 million of investments for benefit plan participant payouts versus $0.7 million in 2010.

The Company purchases its common shares in the open market from time to time to fund its own benefit plans and also to mitigate the dilutive effect of new shares issued under its benefit plans. The Company may also make open market repurchases as cash flows permit when, in management’s opinion, the Company’s shares are undervalued in the market. The Company made no open market purchases during the first quarter of 2011. At March 31, 2011, there were 250,715 shares remaining under the current share repurchase authorization.

At March 31, 2011, the Company’s cash and cash equivalents totaled $52.7 million, including $22.3 million in two U.S. money market funds, each of which was rated AAA by Standard and Poor’s and Aaa by Moody’s. Cash in U.S. demand deposit accounts totaled $13.8 million and cash of the Company’s non-U.S. subsidiaries held outside the U.S. totaled $16.6 million as of March 31, 2011.

Total Company debt decreased by $5.9 million during the first quarter of 2011, from $191.6 million to $185.7 million, reflecting an increase of $5.5 million in foreign debt and a decrease of $11.4 million in U.S. debt. The increase in foreign debt was driven primarily by working capital requirements in Europe. The decrease in U.S. debt reflected the liquidation of the previously noted build-to-suit lease obligation. Net debt (which is defined as total debt minus cash) increased by $52.5 million for the first three months of 2011, from $80.4 million to $132.9 million. At March 31, 2011, the ratio of total debt to total debt plus shareholders’ equity was 33.0 percent, compared to 35.2 percent at December 31, 2010. The ratio of net debt to net debt plus shareholders’ equity was 26.0 percent at March 31, 2011, compared to 18.5 percent at December 31, 2010.

As of March 31, 2011, the Company’s debt included $106.9 million of unsecured private placement loans with maturities extending from 2011 through 2022. These loans are the Company’s primary source of long-term debt financing, and are supplemented by bank credit facilities to meet short and medium term needs. The Company’s debt also included a $27.0 million term loan with its U.S. banks, which has maturities from 2011 through 2013.

The Company maintains a committed $60.0 million revolving credit agreement with three U.S. banks. This unsecured facility is the Company’s primary source of short-term borrowings and is committed through August 27, 2013 with terms and conditions that are substantially equivalent to those of the Company’s other U.S. loan agreements. As of March 31, 2011, the Company had outstanding letters of credit of $2.6 million and no outstanding debt under this agreement, with $57.4 million remaining available. The Company anticipates that cash from operations, committed credit facilities and cash on hand will be sufficient to fund anticipated capital expenditures, working capital, dividends and other planned financial commitments for the foreseeable future.

Certain foreign subsidiaries of the Company maintain term loans and short-term bank lines of credit in their respective local currencies to meet working capital requirements as well as to fund capital expenditure programs and acquisitions. As of March 31, 2011, the Company’s European subsidiaries had bank term loans of $6.4 million with maturities through 2015 and short-term bank debt of $22.7 million with available short-term borrowing capacity of $16.0 million. The Company’s Latin American subsidiaries had no outstanding debt, with $9.9 million of short-term borrowing capacity as of that date. As of March 31, 2011, the Company’s Singapore subsidiary was obligated for $13.3 million under an asset purchase agreement that took effect on November 4, 2010. The Company’s majority-owned joint ventures in the Philippines and China had debt totaling $9.4 million and available borrowing capacity of $8.7 million. Stepan Company has guaranteed the debt obligations of its Singapore subsidiary and of its majority-owned joint ventures in the Philippines and China.

The Company has material debt agreements that require the maintenance of minimum interest coverage and minimum net worth. These agreements also limit the incurrence of additional debt as well as the payment of dividends and repurchase of treasury shares. Testing for these agreements is based on the combined financial statements of the U.S. operations of Stepan Company and Stepan Canada Inc. (the "Restricted Group"). Under the most restrictive of these debt covenants:

1. The Restricted Group must maintain a minimum interest coverage ratio, as defined within the agreements, of 2.0 to 1.0, for the preceding four calendar quarters.
2. The Restricted Group must maintain net worth of at least $175.0 million.
3. The Restricted Group must maintain a ratio of long-term debt to total capitalization, as defined in the agreements, not to exceed 55 percent.
4. The Restricted Group may pay dividends and purchase treasury shares in amounts of up to $30.0 million plus 100 percent of net income and cash proceeds of stock option exercises, measured cumulatively after December 31, 2001. The maximum amount of dividends that could have been paid within this limitation is disclosed as unrestricted retained earnings in Note 12, Debt, in the Notes to Consolidated Financial Statements.

The Company was in compliance with all of its loan agreements as of March 31, 2011. Based on current projections, the Company believes it will be in compliance with its loan agreements throughout 2011.

ENVIRONMENTAL AND LEGAL MATTERS

The Company is subject to extensive federal, state and local environmental laws and regulations. Although the Company's environmental policies and practices are designed to ensure compliance with these laws and regulations, future developments and increasingly stringent environmental regulation could require the Company to make additional unforeseen environmental expenditures. The Company will continue to invest in the equipment and facilities necessary to comply with existing and future regulations. During the first three months of 2011 and 2010, the Company's expenditures for capital projects related to the environment were $0.2 million. These projects are capitalized and depreciated over their estimated useful lives, which is typically 10 years. Recurring costs associated with the operation and maintenance of facilities for waste treatment and disposal and managing environmental compliance in ongoing operations at the Company's manufacturing locations were $3.8 million for the three months ended March 31, 2011 and 2010, respectively. While difficult to project, it is not anticipated that these recurring expenses will increase significantly in the future.

Over the years, the Company has received requests for information related to or has been named by the government as a potentially responsible party at a number of waste disposal sites where cleanup costs have been or may be incurred under CERCLA and similar state statutes. In addition, damages are being claimed against the Company in general liability actions for alleged personal injury or property damage in the case of some disposal and plant sites. The Company believes that it has made adequate provisions for the costs it may incur with respect to the sites. It is the Company's accounting policy to record liabilities when environmental assessments and/or remedial efforts are probable and the cost or range of possible costs can be reasonably estimated. When no amount within the range is a better estimate than any other amount, the minimum is accrued. Some of the factors on which the Company bases its estimates include information provided by feasibility studies, potentially responsible party negotiations and the development of remedial action plans. After partial remediation payments at certain sites, the Company has estimated a range of possible environmental and legal losses of $10.1 million to $29.4 million at March 31, 2011, compared to $10.0 million to $29.7 million at December 31, 2010. At March 31, 2011 and December 31, 2010, the Company's accrued liability for such losses, which represented the Company's best estimate within the estimated range of possible environmental and legal losses, was $15.9 million. Actual costs could differ from the estimated reported liability. During the first three months of 2011, cash outlays related to legal and environmental matters approximated $0.7 million compared to $0.6 million for the first three months of 2010.

For certain sites, estimates of the total costs of compliance or the Company's share of such costs cannot be determined; consequently, the Company is unable to predict the effect thereof on the Company's financial position, cash flows and results of operations. Management believes that in the event of one or more adverse determinations in any annual or interim period, the impact on the Company's cash flows and results of operations for those periods could be material. However, based upon the Company's present belief as to its relative involvement at these sites, other viable entities' responsibilities for cleanup and the extended period over which any costs would be incurred, the Company believes that these matters will not have a material effect on the Company's financial position. Certain of these matters are discussed in Item 1, Part 2, Legal Proceedings, in this report and in other filings of the Company with the Securities and Exchange Commission, which are available upon request from the Company. See also Note 7 to the condensed consolidated financial statements for a summary of the environmental proceedings related to certain environmental sites.

OUTLOOK

In order to accelerate its growth, the Company has made investments in faster growing markets in Brazil, Poland, Singapore and Germany, which have led to planned higher operating expenses. The Brazil expansion is complete and volume should ramp up over the second and third quarters. The German polyol expansion will start up during the second quarter and contribute to profit improvement during the third quarter.

The Company has increased its selling prices to address rising raw material costs and remains optimistic about its prospects for volume growth and margin improvement over the remainder of the year. Surfactant earnings improvement will be led by unit margin improvement, improved sales mix of higher margin functional surfactants and volume growth in Brazil. The rise in crude oil prices will stimulate demand for surfactants used in enhanced oil recovery. Polymer demand exceeded expectations in the first quarter, which should lead to further growth in the summer roof replacement season. While 2011 will have additional start up costs associated with new or expanded plants, the Company has the opportunity to deliver full year earnings growth.

CRITICAL ACCOUNTING POLICIES

There have been no changes to the critical accounting policies disclosed in the Company’s 2010 Annual Report on Form 10-K.

Item 3 – Quantitative and Qualitative Disclosures about Market Risk

There have been no material changes to the market risks disclosed in the Company's 2010 Annual Report on Form 10-K.

Item 4 – Controls and Procedures

a. Evaluation of Disclosure Controls and Procedures

Based on their evaluation of our disclosure controls and procedures as of the end of the most recent fiscal quarter covered by this Form 10-Q, our Chief Executive Officer and our Chief Financial Officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934) were effective as of March 31, 2011.

b. Changes in Internal Control Over Financial Reporting

There were no changes in internal controls that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 1 – Legal Proceedings

There have been no material changes to the legal proceedings disclosed in the Company's 2010 Annual Report on Form 10-K.

Item 1A – Risk Factors

There have been no material changes from the risk factors disclosed in the Company's 2010 Annual Report on Form 10-K.

Item 2. – Unregistered Sales of Equity Securities and Use of Proceeds

Below is a summary by month of share purchases by the Company during the first quarter of 2011:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
January	—	—	—	—
February	17,942 (a)	$ 71.00	—	—
March	—	—	—	—

(a) Represents shares of Company common stock tendered by employees to settle minimum statutory withholding taxes related to receipt of performance stock awards.

Item 3 – Defaults Upon Senior Securities

None

Item 4 – (Removed and Reserved)

Item 5 – Other Information

None

Item 6 – Exhibits

(a)	Exhibit 3(a)	– Copy of Restated Certificate of Incorporation of Stepan Company, filed April 5, 2011 with the State of Delaware
(b)	Exhibit 3(b)	– Copy of Amended and Restated By-Laws of Stepan Company (Amended as of February 8, 2011), included with the Company's Current Report on Form 8-K filed on February 14, 2011, and incorporated herein by reference
(c)	Exhibit 31.1	– Certification of President and Chief Executive Officer pursuant to Exchange Act Rule 13a-14(a)/15d-14(a)
(d)	Exhibit 31.2	– Certification of Vice President and Chief Financial Officer pursuant to Exchange Act Rule 13a-14(a)/15d-14(a)
(e)	Exhibit 32	– Certification pursuant to 18 U.S.C. Section 1350

SIGNATURES

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 thereunto duly authorized.

STEPAN COMPANY

Date: May 5, 2011

/s/ J. E. Hurlbutt

J. E. Hurlbutt
Vice President and Chief Financial Officer

Exhibit 3.(a)

CORRECTED RESTATED CERTIFICATE OF INCORPORATION

OF

STEPAN COMPANY

Stepan Company, a Delaware corporation (the "Corporation"), does hereby certify that:

1. The Restated Certificate of Incorporation (the "Certificate") of the Corporation as filed with the Secretary of State of the State of Delaware on December 29, 2005 requires revision as permitted by subsection (f) of Section 103 of The General Corporation Law of the State of Delaware.

2. The inadequacy or defect in the Certificate arises from the failure of the Certificate to include a description of the powers, designations, preferences and relative, participating, optional and other rights of the 5 1/2% Convertible Preferred Stock of the Corporation as provided within the Amended Certificate of Designation, Preferences and Rights of 5 1/2% Convertible Preferred Stock Without Par Value as filed on April 30, 1993 with the Office of the Delaware Secretary of State.

3. The inadequacy or defect in the Certificate is hereby corrected by adding to Article IV, Section B of the Certificate the description of the powers, designations, preferences and relative, participating, optional and other rights of the 5 1/2% Convertible Preferred Stock of the Corporation by attaching hereto the Amended Certificate of Designation, Preferences and Rights of 5 1/2% Convertible Preferred Stock Without Par Value as filed on April 30, 1993 with the Office of the Delaware Secretary of State.

4. The corrected Certificate hereby reads as follows:

RESTATED CERTIFICATE OF INCORPORATION

OF

STEPAN COMPANY

STEPAN COMPANY, a corporation organized and existing under the laws of the State of Delaware, hereby certifies as follows:

1. The name of the corporation is STEPAN COMPANY and the name under which the corporation was originally incorporated was Delaware Stepan Chemical Company. The date of filing its original Certificate of Incorporation with the Secretary of State of Delaware was February 19, 1959.

2. This Restated Certificate of Incorporation only restates and integrates and does not further amend the provisions of the Certificate of Incorporation of this corporation as heretofore amended or supplemented and there is no discrepancy between those provisions and the provisions of this Restated Certificate of Incorporation.

3. The text of the Certificate of Incorporation as amended or supplemented heretofore is hereby restated without further amendments or changes to read as herein set forth in full:

ARTICLE I

The name of the corporation is STEPAN COMPANY.

ARTICLE II

Its principal office in the State of Delaware is located at Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801 in the County of New Castle. The name and address of its registered agent is The Corporation Trust Company.

ARTICLE III

The nature of the business, or objects or purposes to be transacted, promoted or carried on are

To manufacture, compound, prepare, buy, sell, deal in and use chemicals, alkalis, dye stuffs, colors, essential oils, insecticides, fungicides, pharmaceuticals, drugs and any and all other chemical products, by-products, allied products and compounds, together with all allied and interdependent lines of business; and to manufacture, sulphonate, hydrogenate, blow, compound, prepare, buy, sell, deal in and use animal, marine, mineral and vegetable oils.

To manufacture, purchase or otherwise acquire, and to hold, own, use, sell or otherwise dispose of and deal in and with, at wholesale and retail, goods, wares and merchandise and personal property of every class and description.

To acquire, and pay for in cash, stock or bonds of this corporation or otherwise, the good will, rights, assets and property, and to undertake or assume the whole or any part of the obligations or liabilities of any person, firm, association or corporation.

To acquire, hold, use, sell, assign, lease, grant licenses in respect of, mortgage or otherwise dispose of letters patent of the United States or any foreign country, patent rights, licenses and privileges, inventions, improvements and processes, copyrights, trade-marks and trade names, relating to or useful in connection with any business of this corporation.

To acquire by purchase, subscription or otherwise, and to receive, hold, own, guarantee, sell, assign, exchange, transfer, mortgage, pledge or otherwise dispose of or deal in and with any of the shares of the capital stock, or any voting trust certificates in respect of the shares of capital stock, scrip, warrants, rights, bonds, debentures, notes, trust receipts and other securities, obligations, chooses in action and evidences of indebtedness or interest issued or created by any corporations, joint stock companies, syndicates, associations, firms, trusts or persons, public or private, or by the government of the United States of America, or by any foreign government, or by any state, territory, province, municipality or other political subdivision or by any governmental agency, and as owner thereof to possess and exercise all the rights, powers and privileges of ownership, including the right to execute consents and vote thereon, and to do any and all acts and things necessary or advisable for the preservation, protection, improvement and enhancement in value thereof. Nothing herein contained shall authorize the corporation to engage in the business of discounting bills and notes or the buying and selling of bills of exchange.

To enter into, make and perform contracts of every kind and description with any person, firm, association, corporation, municipality, county, state, body politic or government or colony or dependency thereof.

To borrow or raise moneys for any of the purposes of the corporation and, from time to time, without limit as to amount to draw, make, accept, endorse, execute and issue promissory notes, drafts, bills of exchange, warrants, bonds, debentures and other negotiable or non-negotiable instruments and evidences of indebtedness, and to secure the payment of any thereof and of the interest thereon by mortgage upon or pledge, conveyance or assignment in trust of the whole or any part of the property of the corporation, whether at the time owned or thereafter acquired, and to sell, pledge or otherwise dispose of such bonds or other obligations of the corporation for its corporate purposes.

To loan to any person, firm or corporation any of its surplus funds, either with or without security, provided, that no loan of money shall be made by the corporation to any officer of the corporation.

To purchase, hold, sell and transfer the shares of its own capital stock; provided it shall not use its funds or property for the purchase of its own shares of capital stock when such use would cause any impairment of its capital except as otherwise permitted by law, and provided further that shares of its own capital stock belonging to it shall not be voted upon directly or indirectly.

To have one or more offices, to carry on all or any of its operations and business and without restriction or limit as to amount to purchase or otherwise acquire, hold, own, mortgage, sell, convey, or otherwise dispose of real and personal property of every class and description in any of the states, districts, territories or colonies of the United States, and in any and all foreign countries, subject to the laws of such state, district, territory, colony or country.

In general, to carry on any other business in connection with the foregoing, and to have and exercise all the powers conferred by the laws of Delaware upon corporations formed under the General Corporation Law of the State of Delaware, and to do any or all the things hereinbefore set forth to the same extent as natural persons might or could do.

The objects and purposes specified in the foregoing clauses shall, except where otherwise expressed, be in nowise limited or restricted by reference to, or inference from the terms of any other clause in this certificate of incorporation, but the objects and purposes specified in each of the foregoing clauses of this article shall be regarded as independent objects and purposes.

ARTICLE IV

The total number of shares of stock which the corporation shall have authority to issue is Thirty Two Million (32,000,000) shares, of which Thirty Million (30,000,000) shares shall be Common Stock of a par value of $1.00 per share, and Two Million (2,000,000) shares shall be Preferred Stock without par value.

No holder of shares of any class of the corporation shall have any preemptive or preferential right to subscribe to or purchase any shares of any class of the corporation, whether now or hereafter authorized, or any shares or securities of any kind, whether or not convertible into or evidencing or carrying any right to subscribe to or purchase shares of any class of the corporation now or hereafter authorized, other than such rights, if any, as the board of directors in its discretion may from time to time determine and at such price or prices, permitted by law, as the board of directors may from time to time determine, but any and all such shares and securities may be issued, sold or disposed of from time to time by the board of directors to such persons, firms and corporations and for such consideration, permitted by law, whether cash, services, property or otherwise, as the board of directors may from time to time determine.

The designations and the powers, preferences and rights, and the qualifications, limitations or restrictions thereof shall be as follows:

A. COMMON STOCK

1. Dividend Rights

Subject to the prior rights of the holders of all classes of stock at the time outstanding having prior rights as to dividends, the holders of the Common Stock shall be entitled to receive, when and as declared by the Board of Directors, out of the assets of the corporation legally available therefor, such dividends as may be declared from time to time by the Board of Directors.

2. Liquidation Rights

Upon the voluntary or involuntary dissolution, liquidation or winding-up of the corporation, after the payment in full of all preferential amounts to which the holders of all classes of stock at the time outstanding having prior rights thereto shall be entitled, the remainder of the assets of the corporation shall be distributed equally among the shares of Common Stock at the time outstanding.

3. Voting Rights

At all meetings of the stockholders, each holder of record of common stock shall be entitled to vote and have one vote for each share held by him of record.

B. PREFERRED STOCK

The Board of Directors of the corporation shall have authority to fix by resolution or resolutions in accordance with the laws of the State of Delaware, the designations and the powers, preferences and rights, and the qualifications, limitations or restrictions of the Preferred Stock, including (without limitation) the authority to issue from time to time one or more series of the Preferred Stock and to fix any dividend, liquidation, redemption, voting or conversion characteristics of the Preferred Stock of any series thereof.

Eight Hundred Thousand (800,000) shares of the Preferred Stock have been designated by the Board of Directors as "5 1/2% Convertible Preferred Stock" with the relative rights, preferences and powers designated within the Amended Certificate of Designation, Preferences and Rights of 5 1/2% Convertible Preferred Stock Without Par Value attached hereto, incorporated herein by reference and made a part hereof.

ARTICLE V

The minimum amount of capital with which the corporation will commence business is One Thousand Dollars ($1,000).

ARTICLE VI

[Intentionally omitted]

ARTICLE VII

The corporation is to have perpetual existence.

ARTICLE VIII

The private property of the stockholders shall not be subject to the payment of corporate debts to any extent whatever.

ARTICLE IX

In furtherance and not in limitation of the powers conferred by statute, the board of directors is expressly authorized:

To make, alter or repeal the by-laws of the corporation.

To authorize and cause to be executed mortgages and liens upon the real and personal property of the corporation.

To set apart out of any of the funds of the corporation available for dividends a reserve or reserves for any proper purpose and to abolish any such reserve in the manner in which it was created.

By resolution passed by a majority of the whole board, to designate one or more committees, each committee to consist of two or more directors of the corporation, which, to the extent provided in the resolution or in the by-laws of the corporation, shall have and may exercise the powers of the board of directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it. Such committee or committees shall have such name or names as may be stated in the by-laws of the corporation or as may be determined from time to time by resolution adopted by the board of directors.

When and as authorized by the affirmative vote of the holders of a majority of the stock issued and outstanding having voting power given at a stockholders' meeting called for that purpose, or when authorized by the written consent of the holders of a majority of the voting stock issued and outstanding, to sell, lease or exchange all of the property and assets of the corporation, including its good will and its corporate franchises, upon such terms and conditions and for such consideration, which may be in whole or in part shares of stock in, and or other securities of, any other corporation or corporations, as its board of directors shall deem expedient and for the best interests of the corporation.

ARTICLE X

Section 1. No director of the corporation shall be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except (i) for any breach of a director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the General Corporation Law of Delaware, or (iv) for any transaction from which a director derived an improper personal benefit.

Section 2. The corporation shall indemnify, in accordance with and to the full extent now or hereafter permitted by law, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (including, without limitation, an action by or in the right of the corporation), by reason of his acting as a director or officer of the corporation (and the corporation, in the discretion of the Board of Directors, may so indemnify a person by reason of the fact that he is or was an employee of the corporation or is or was serving at the request of the corporation in any other capacity for or on behalf of the corporation) against any liability or expense actually and reasonably incurred by such person in respect thereof. Such indemnification is not exclusive of any other right to indemnification provided by law or otherwise. The right to indemnification conferred by this Section shall be deemed to be a contract between the corporation and each person referred to herein.

Section 3. No amendment to or repeal of these provisions shall apply to or have any effect on the liability or alleged liability of any person for or with respect to any acts or omissions of such persons occurring prior to such amendment.

ARTICLE XI

In the absence of fraud, no contract or transaction between this corporation and any other corporation shall be affected by the fact that the directors of this corporation or any of them are interested in or are directors or officers of such other corporation, and any director individually may be a party to, or may be interested in any such contract or transaction of this corporation; and no such contract or transaction of this corporation with any person or persons, firm or association, shall be affected by the fact that any director of this corporation is a party to, or interested in such contract or transaction, or in any way connected with such person or persons, firm or association, provided that the interest in any such contract or transaction of any such director shall be fully disclosed, and that such contract or other transaction shall be authorized or ratified by the vote of a sufficient number of the directors of this corporation not so interested; and each and every person who may become a director in this corporation is hereby relieved from any liability that might otherwise exist from thus contracting with this corporation for the benefit of himself or any firm, association or corporation in which he may be in any wise interested.

ARTICLE XII

Whenever a compromise or arrangement is proposed between this corporation and its creditors or any class of them and/or between this corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this corporation or of any creditor or stockholder thereof, or on the application of any receiver or receivers appointed for this corporation under the provisions of Section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for this corporation under the provisions of Section 279 of Title 8 of the Delaware Code order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this corporation, as the case may be, to be summoned in such manner as the said Court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this corporation as consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the Court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this corporation, as the case may be, and also on this corporation.

ARTICLE XIII

Meetings of stockholders may be held without the State of Delaware, if the by-laws so provide. The books of the corporation may be kept (subject to any provision contained in the statutes) outside of the State of Delaware at such place or places as may be from time to time designated by the board of directors or in the by-laws of the corporation. Elections of directors need not be by ballot unless the by-laws of the corporation shall so provide.

ARTICLE XIV

The corporation reserves the right to amend, alter, change or repeal any provision contained in this certificate of incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

4. This Restated Certificate of Incorporation was duly adopted by the Board of Directors in accordance with Section 245 of the General Corporation Law of the State of Delaware.

5. This Restated Certificate of Incorporation shall be effective on December 27, 2005 for accounting purposes only.

IN WITNESS WHEREOF, said STEPAN COMPANY has caused this Corrected Restated Certificate of Incorporation to be signed by H. Edward Wynn, its Vice President, General Counsel and Secretary, this 24th day of March, 2011.

By:	/s/ H. Edward Wynn
Name:	H. Edward Wynn
Title:	General Counsel and Secretary

STEPAN COMPANY

Amended Certificate of Designation,

Preferences and Rights of

5 1/2% Convertible Preferred Stock

Without Par Value

Pursuant to Section 151 of the
General Corporation Law of the State of Delaware

STEPAN COMPANY, a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, DOES HEREBY CERTIFY:

FIRST: That at a meeting of the Board of Directors of STEPAN COMPANY (the "Corporation") an Amended Certificate of Designation, Preferences and Rights of 5 1/2% Convertible Preferred Stock Without Par Value (the "Amended Certificate of Designation") was adopted, subject to stockholder approval, and a meeting of the stockholders of the Corporation was called for consideration thereof. The original Certificate of Designation was adopted by the Board of Directors of the Corporation in 1992 pursuant to Section 151 of the General Corporation Law of the State of Delaware. The resolution setting forth the Amended Certificate of Designation is as follows:

RESOLVED, that pursuant to the authority granted to and vested in the Board of Directors of the Corporation by the provisions of the Certificate of Incorporation of the Corporation, and subject to the approval by the holders of the Corporation's Common Stock and the holders of the Corporation's 5 1/2% Convertible Preferred Stock, Without Par Value (the "5 1/2% Preferred Stock"), the Certificate of Designation, Preferences and Rights of the 5 1/2% Preferred Stock is amended effective at the close of business on April 30, 1993, so that the 5 1/2% Preferred Stock shall have the following powers, designations, preferences and relative, participating, optional or other rights (in addition to any applicable powers, designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions, that may be set forth in the Certificate of Incorporation of the Corporation which are applicable to the preferred stock authorized by Article FOURTH of the Corporation's Certificate of Incorporation, as amended, (the "Preferred Stock")):

1. Designation; Number of Shares; Par Value.

The designation of said shares of the Preferred Stock shall be 5 1/2% Convertible Preferred Stock. The number of shares of 5 1/2% Preferred Stock shall be limited to 800,000. Shares of the 5 1/2% Preferred Stock shall be without par value.

2. Dividends.

(a) The shares of 5 1/2% Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors or a duly authorized committee thereof (an “Authorized Board Committee”), out of funds legally available for the payment of dividends, cumulative cash dividends in the amount of $1.375 per share per annum, and no more. Dividends shall accumulate and be payable quarterly on the first day of March, June, September and December of each year (each a “Dividend Payment Date” or collectively, “Dividend Payment Dates”), commencing December 1, 1992, except that if any Dividend Payment Date is not a business day in Chicago, Illinois, then such quarterly dividend shall be payable on the next succeeding business day and such next succeeding business day shall be the Dividend Payment Date. Dividends on the shares of 5 1/2% Preferred Stock shall accrue and be cumulative from the date of their original issue and will be payable to stockholders of record on the record date, which shall be not more than 60 days nor less than 10 days preceding such Dividend Payment Date, fixed for such purpose by the Board of Directors or an Authorized Board Committee in advance of each particular Dividend Payment Date. The amount of dividends payable on shares of 5 1/2% Preferred Stock for each full quarterly dividend period shall be computed by dividing by four the amount per share per annum set forth in this paragraph 2. Dividends payable on the 5 1/2% Preferred Stock for the initial dividend period and for any period less than a full quarterly period shall be computed on the basis of a 360-day year of twelve 30-day months. Dividends paid on shares of 5 1/2% Preferred Stock in an amount less than the total amount of such dividends at the time accumulated and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding.

(b) So long as any shares of 5 1/2% Preferred Stock are outstanding, unless all accumulated dividends on all outstanding shares of 5 1/2% Preferred Stock have been paid or contemporaneously are declared and paid through the last Dividend Payment Date and full quarterly dividends on the 5 1/2% Preferred Stock have been or contemporaneously are declared and set apart for payment through the next succeeding Dividend Payment Date, no dividend shall be paid or declared and set apart for payment or any other distribution made upon the Common Stock or any other stock of the Corporation ranking junior to the 5 1/2% Preferred Stock as to payment of dividends (other than dividends paid or other distributions made in stock of the Corporation ranking junior to the 5 1/2% Preferred Stock as to payment or dividends and upon liquidation, dissolution or winding up), nor shall any Common Stock or any other stock of the Corporation ranking junior to the 5 1/2% Preferred Stock as to payment of dividends be redeemed, purchased or otherwise acquired for any consideration (or any money be paid to or made available for a sinking fund for the redemption of any shares of such stock) by the Corporation except by conversion of such junior stock into or exchange of such junior stock for stock of the Corporation ranking junior to the 5 1/2% Preferred Stock as to payment of dividends and upon liquidation, dissolution or winding up.

(c) Except as provided in the next sentence, no dividends shall be paid or declared and set apart for payment or any other distribution made (other than dividends paid or other distributions made in stock of the Corporation ranking junior to the 5 1/2% Preferred Stock as to payment of dividends and upon liquidation, dissolution or winding up) on the Preferred Stock or any other series ranking on a parity with the 5 1/2% Preferred Stock as to payment of dividends for any period unless all accumulated dividends on all outstanding shares of 5 1/2% Preferred Stock have been paid or declared and set apart for payment or contemporaneously are paid or declared and set apart for payment through the last Dividend Payment Date and no dividends shall be paid or declared and set apart for payment or any other distribution made (other than dividends paid or other distributions made in stock of the Corporation ranking junior to the 5 1/2% Preferred Stock as to payment of dividends and upon liquidation, dissolution or winding up) on the 5 1/2% Preferred Stock unless all accumulated dividends on all outstanding shares of Preferred Stock of all other series ranking on a parity with the 5 1/2% Preferred Stock as to payment of dividends have been paid or declared and set apart for payment or contemporaneously are paid or declared and set apart for payment to the last date to which such dividends are payable. Whenever all accumulated dividends are not paid in full upon the 5 1/2% Preferred Stock or any other series of Preferred Stock ranking on a parity with the 5 1/2% Preferred Stock as to payment of dividends, all dividends declared or other distributions made upon shares of 5 1/2% Preferred Stock and any other series of Preferred Stock ranking on a parity with the 5 1/2% Preferred Stock as to the payment of dividends shall be declared or made pro rata so that the amount of dividends declared or other distributions made per share on the 5 1/2% Preferred Stock and such other series of Preferred Stock shall in all cases bear to each other the same ratio that accumulated and unpaid dividends per share on the shares of 5 1/2% Preferred Stock and such other series of Preferred Stock bear to each other. Any dividend paid upon the 5 1/2% Preferred Stock at the time when any accumulated dividends for any prior period are delinquent shall be expressly declared as a dividend in whole or partial payment of the accumulated dividend for the earliest period for which dividends are then delinquent, and shall be so designated to each stockholder to whom payment is made.

(d) Whenever all accumulated dividends are not paid in full upon the 5 1/2% Preferred Stock, no stock of the Corporation ranking on a parity with the 5 1/2% Preferred Stock as to the payment of dividends may be redeemed (pursuant to a sinking fund or otherwise), purchased or otherwise acquired for any consideration by the Corporation except (i) by means of a redemption pursuant to which all outstanding shares of the 5 1/2% Preferred Stock and all Preferred Stock of the Corporation ranking on a parity with the 5 1/2% Preferred Stock as to payments of dividends are redeemed or pursuant to which a pro rata redemption is made from all holders of the 5 1/2% Preferred Stock and all Preferred Stock of the Corporation ranking on a parity with the 5 1/2% Preferred Stock as to payment of dividends, the amount allocable to each series of such stock being determined on the basis of the aggregate liquidation preference of the outstanding shares of each series and the shares of each series being redeemed only on a pro rata basis, or (ii) by conversion of such parity Preferred Stock into, or exchange of such parity Preferred Stock for, stock of the Corporation ranking junior to the 5 1/2% Preferred Stock as to payment of dividends and upon liquidation, dissolution or winding up.

(e) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraphs (a) - (d) of this Section 2, and paragraph (c) of Section 3, purchase or otherwise acquire any shares at such time and in such manner.

3. Optional Redemption.

(a) The Corporation may, at its option, at any time on or after September 1, 1997, redeem all, or any number less than all, of the outstanding shares of 5 1/2% Preferred Stock. Any redemption of shares of 5 1/2% Preferred Stock shall be effected at the prices per share (expressed as a percentage of the Liquidation Preference (as defined in Section 5 hereof) per share during the twelve-month periods), set forth below:

If Redeemed During the Twelve Month-Period Beginning September 1	Redemption Price Per Share
1997	102.8%
1998	102.2%
1999	101.7%
2000	101.1%
2001	100.6%
2002	100.0%

and thereafter at 100% of the Liquidation Preference per share plus, in each case, an amount equal to all dividends (whether or not declared or due) accrued and unpaid on such shares of 5 1/2% Preferred Stock to the date fixed for redemption.

(b) Notwithstanding the foregoing provisions of this Section 3, and subject to the provisions of Section 2 hereof, whenever all accumulated dividends are not paid in full upon the 5 1/2% Preferred Stock, no shares of the 5 1/2% Preferred Stock may be redeemed (pursuant to a sinking fund or otherwise), purchased or otherwise acquired for any consideration by the Corporation, except (i) by means of a redemption pursuant to which all outstanding shares of the 5 1/2% Preferred Stock are simultaneously redeemed or pursuant to which the outstanding shares of the 5 1/2% Preferred Stock are redeemed on a pro rata basis or (ii) by conversion of shares of 5 1/2% Preferred Stock into, or exchange of such shares for, Common Stock or any other stock of the Corporation ranking junior to the 5 1/2% Preferred Stock as to payment of dividends and upon liquidation, dissolution or winding up.

(c) Notice of any proposed redemption of shares of 5 1/2% Preferred Stock shall be given by the Corporation by mailing a copy of such notice not less than 30 days nor more than 60 days prior to the date fixed for such redemption to holders of record of the shares of 5 1/2% Preferred Stock to be redeemed at their respective addresses appearing on the books of the Corporation. Said notice shall specify (i) the shares called for redemption, (ii) the redemption price, (iii) the place at which and the date on which the shares called for redemption will, upon presentation and surrender of the certificates of stock evidencing such shares, be redeemed and the redemption price and (iv) and the then effective Conversion Price (as defined in Section 4 below), and that the right of holders of shares of 5 1/2% Preferred Stock being redeemed to exercise their conversion right shall terminate as to such shares at the close of business on the date fixed for redemption, provided that no default by the Corporation in the payment of the redemption price (including any accrued and unpaid dividends) shall have occurred and be continuing. Subject to the provisions of paragraph 3(b) hereof, in the case of the redemption of less than all the outstanding shares of 5 1/2% Preferred Stock, the Corporation will select by lot, pro rata or in such other equitable manner as may be prescribed by the Board of Directors or an Authorized Board Committee the shares to be redeemed among all then outstanding shares of 5 1/2% Preferred Stock. From and after the date fixed in any such notice as the date of redemption of shares of 5 1/2% Preferred Stock, unless default shall be made by the Corporation in providing funds at the time and place specified for the payment of the redemption price (including any accrued and unpaid dividends) pursuant to such notice, all dividends on the 5 1/2% Preferred Stock thereby called for redemption shall cease to accrue, such shares of 5 1/2% Preferred Stock shall no longer be deemed to be outstanding and all rights of the holders thereof as stockholders of the Corporation, except the right to receive the redemption price (including any accrued and unpaid dividends), shall cease and terminate.

(d) The holder of any shares of 5 1/2% Preferred Stock redeemed upon any exercise of the Corporation's redemption right shall not be entitled to receive payment of the redemption price for such shares until such holder shall cause to be delivered to the place specified in the notice given with respect to such redemption (i) the certificates representing such shares of 5 1/2% Preferred Stock and (ii) transfer instrument(s) satisfactory to the Corporation and sufficient to transfer such shares of 5 1/2% Preferred Stock to the Corporation free of any adverse claim. No interest shall accrue on the redemption price of any share of 5 1/2% Preferred Stock after the date fixed for its redemption.

(e) All shares of 5 1/2% Preferred Stock which shall at any time have been redeemed shall, after such redemption, have the status of authorized but unissued shares of Preferred Stock, without designation as to series, and the number of shares of Preferred Stock which the Corporation shall have authority to issue shall not be decreased by the redemption of shares of 5 1/2% Preferred Stock.

4. Conversion Rights.

(a) Each share of the 5 1/2% Preferred Stock shall be convertible at the option of the holder thereof at any time (except that if any such share shall have been called for redemption, then, as to such share, such right shall terminate at the close of business on the date fixed for such redemption, unless default shall be made by the Corporation in making the payment due upon redemption) into fully paid and nonassessable shares of Common Stock. Subject to the provisions for adjustment hereinafter set forth shares of 5 1/2% Preferred Stock shall be convertible into fully paid and non-assessable shares of Common Stock of the Corporation at the rate of 0.57087 shares of Common Stock for each share of 5 1/2% Preferred Stock surrendered for conversion.

(b) The Common Stock deliverable upon conversion of 5 1/2% Preferred Stock shall be Common Stock of the Corporation, par value $1.00 per share as constituted at the date of this certificate, except as otherwise provided in subparagraph (i) of paragraph 4(e), and in paragraph 4(f).

(c) In order for any holder of 5 1/2% Preferred Stock to convert the same into Common Stock, such holder shall surrender the certificate or certificates for such 5 1/2% Preferred Stock at the office of the Transfer Agent for the 5 1/2% Preferred Stock during usual business hours, which certificate or certificates, if the Corporation shall so request, shall be duly endorsed to the Corporation or in blank, or accompanied by proper instruments of transfer to the Corporation or in blank, and shall give written notice to the Corporation at such office that he elects so to convert such 5 1/2% Preferred Stock, and state in writing therein the name or names in which he wishes the certificate or certificates for Common Stock to be issued. Shares of 5 1/2% Preferred Stock surrendered for conversion during the period from the close of business on any record date for the payment of dividends next preceding any Dividend Payment Date to the opening of business of such Dividend Payment Date shall (except in the case of shares which have been called for redemption on a redemption date within such period) be accompanied by payment in funds acceptable to the Corporation of an amount equal to the dividend payable on such Dividend Payment Date on the shares being surrendered for conversion.

(d) The Corporation will, as soon as practicable after such deposit of certificates for 5 1/2% Preferred Stock accompanied by the written notice and the statement above prescribed and the payment of any amount required by the provisions of paragraph 4(c), deliver at said office to the person for whose account such 5 1/2% Preferred Stock was so surrendered, or to his nominee or nominees, certificates for the number of shares of Common Stock to which he shall be entitled as aforesaid, together with any cash adjustment of any fraction of a share as hereinafter provided. Subject to the following provisions of this paragraph, such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the 5 1/2% Preferred Stock to be converted, and the person or persons entitled to receive the Common Stock deliverable upon conversion of such 5 1/2% Preferred Stock shall be treated for all purposes as the record holder or holders of such Common Stock on such date. The Corporation shall not be required to convert any shares of 5 1/2% Preferred Stock while the stock transfer books of the Corporation are closed for any purpose; but the surrender of 5 1/2% Preferred Stock for conversion during any period while such books are so closed shall become effective for conversion upon reopening of such books, as if the surrender had been made immediately prior to the close of business on the date of such reopening, and conversion shall be at the Conversion Rate in effect of such date. Except as provided in the last sentence of paragraph 4(c), no adjustments in respect of, or payments of dividends on, shares surrendered for conversion of any dividend on the Common Stock issued upon conversion, shall be made upon the conversion of any shares of 5 1/2% Preferred Stock; provided, however, that if any shares shall be converted subsequent to the close of business on the record date next preceding a Dividend Payment Date but prior to the close of business on such Dividend Payment Date (except shares called for redemption between such record date and Dividend Payment Date) the registered holder of such shares at the close of business on such record date shall be entitled to receive the dividend payable on such record date shall be entitled to receive the dividend payable on such shares on such Dividend Payment Date notwithstanding the conversion thereof or the Corporation's default on payment of the dividend due on such Dividend Payment Date.

(e) The Conversion Rate shall be subject to adjustment as follows:

(i) In case the Corporation shall (A) pay a dividend on its Common Stock in shares of its Common Stock, (B) subdivide its outstanding shares of Common Stock into a greater number of shares, or (C) combine its outstanding shares of Common Stock into a smaller number of shares, the Conversion Rate in effect at the time of the record date of such dividend, or the effective date of such subdivision or combination, as the case may be, shall be proportionately adjusted so that the holder of any 5 1/2% Preferred Stock surrendered for conversion after such time shall be entitled to receive the number and kind of shares which he would have owned or have been entitled to receive had such 5 1/2% Preferred Stock been converted immediately prior to such time. Such adjustment shall be made successively whenever any event listed above shall occur and shall become effective retroactively to immediately after the record date of such dividend or immediately after the effective date of such subdivision or combination.

(ii) Unless the holders of shares of 5 1/2% Preferred Stock shall be permitted to subscribe for or purchase shares of Common Stock on the same basis as if theretofore converted into Common Stock, in case the Corporation shall issue rights or warrant to all holders of its Common Stock entitling them (for a period expiring within 45 days after the record date for the determination of stockholders entitled to receive such rights or warrants) to subscribe or purchase shares of Common Stock at a price per share less than the Current Market Price (as defined below) per share of Common Stock on such record date, then in each such case the Conversion Rate shall be adjusted to equal the rate determined by multiplying the Conversion Rate in effect immediately prior to such record date by a fraction of which the numerator shall be the number of shares of Common Stock outstanding on such record date plus the number of additional shares of Common Stock offered for subscription or purchase pursuant to such rights or warrants and of which the denominator shall be the number of shares of Common Stock outstanding on such record date plus the number of share of Common Stock which the aggregate offering price of the total number of shares so offered pursuant to such rights or warrants would purchase at such Current Market Price. Such adjustment shall be made successively whenever such rights or warrants are issued, and shall become effective retroactively to immediately after the record date for the determination of stockholders entitled to receive such rights or warrants; provided, however, in the event that all the shares of Common Stock offered for subscription or purchase are not delivered upon the exercise of such rights or warrants, upon the expiration of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would have been in effect had the numerator and the denominator of the foregoing fraction and the resulting adjustment been made based upon the number of shares of Common Stock actually delivered upon the exercise of such rights or warrants rather than upon the number of shares of Common Stock offered for subscription or purchase. For the purposes of this subparagraph (ii), the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Corporation but shall include shares issuable in respect of scrip certificates issues in lieu of fractions of shares of Common Stock.

(iii) In case the Corporation shall distribute to all holders of its Common Stock shares of its capital stock (other than Common Stock), evidences of indebtedness or assets of the Corporation (excluding dividends paid in, or distributions of, cash from the retained earnings of the Corporation) or subscription rights or warrants to subscribe for or purchase securities of the Corporation (excluding those referred to in subparagraph (ii) above), then in each such case the Conversion Rate shall be adjusted to equal the price determined by multiplying the Conversion Rate in effect immediately prior to the record date for the determination of stockholders entitled to receive such distribution by a fraction of which the numerator shall be the Current Market Price per share of the Common Stock on such record date and of which the denominator shall be such Current Market Price per share of Common Stock less the fair market value (as determined by the Board of Directors or an Authorized Board Committee thereof, whose determination shall be conclusive) of the portion of the capital stock, evidences of indebtedness, assets or subscription rights or warrants distributed applicable to one share of Common Stock. Such adjustment shall be made successively whenever any such distribution is made, and shall become effective retroactively to immediately after such record date.

(iv) For the purpose of any computation under subparagraphs (ii) and (iii) above, the "Current Market Price" per share of Common Stock on any date shall be deemed to be the average of the daily Closing Prices for the thirty consecutive trading days commencing forty-five business days before such date. The "Closing Price" for each day shall be the reported last sale price regular way or, in case no such reported sale takes place on such day, the average of the reported closing bid and asked prices regular way, in either case as reported on the American Stock Exchange Composite Tape, or, if at any time the Common Stock is not listed or admitted to trading on such Exchange, on the principal national securities exchange on which the Common Stock is listed or admitted to trading, or if the Common Stock is not listed or admitted to trading on any national securities exchange, on the National Association of Securities Dealers Automated Quotations National Market System, or, if the Common Stock is not listed or admitted to trading on any national securities exchange or quoted on such National Market System, the average of the closing bid and asked prices in the over-the-counter market as furnished by any New York Stock Exchange member firm selected from time to time by the Board of Directors or an Authorized Committee for such purpose.

(v) In any case in which this paragraph 4(e) shall require that an adjustment as a result of any event becomes effective retroactively to immediately after a record date or effective date for such event, the Corporation may elect to defer until after the occurrence of such event (A) issuing to the holder of any shares of 5 1/2% Preferred Stock converted after such record date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion over and above the shares of Common Stock issuable upon such conversion on the basis of the Conversion Rate prior to adjustment and (B) paying to such holder any amount in cash lieu of a fractional share of Common Stock pursuant to paragraph 4(g) below; and, in lieu of the shares the issuance of which and the cash the payment of which is so deferred, the Corporation shall issue or cause its Transfer Agent to issue due bills or other appropriate evidence of the right to receive such shares and such cash.

(vi) No adjustment to the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% of the Conversion Rate; provided, however, that the Corporation may make any such adjustment at its election; and provided further, however, that any adjustments which by reason of this subparagraph (vi) are not made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this paragraph 4(e) shall be made to the nearest cent or to the nearest one-hundredth of a share, as the case may be. Anything in this paragraph 4(e) notwithstanding, the Corporation shall be entitled to make such decreases in the Conversion Rate, in addition to those required by this paragraph 4(e), as it in its discretion shall determine to be advisable in order that any stock dividend, subdivision or combination of shares, distribution of rights or warrants to purchase stock or securities, or distribution of securities convertible into or exchangeable for stock hereafter made by the Corporation to its stockholders shall not be taxable.

(vii) If the Corporation makes any distribution, dividend, issuance of rights or warrants or subdivision, combination or reclassification of or on the Common Stock, or any security to which the conversion right addressed in this Section 4 then applies, which is not covered by any of the preceding provisions of this paragraph (e) and which equitably requires an adjustment in the Conversion Rate, such adjustment shall be made as determined by the Board of Directors of the Corporation. In such case, the determination of the Board of Directors as to whether an adjustment in the Conversion Rate is required, the amount of any such adjustment, and the effective date of any such adjustment shall be conclusive.

(f) In case of any consolidation of the Corporation into, or merger of the Corporation with or into, any other corporation (other than a consolidation or merger in which the Corporation is the continuing corporation and which does not result in any reclassification or change of outstanding shares of Common Stock), or in case of any sale or transfer of all or substantially all of the assets of the Corporation, or in case of any reclassification or change of outstanding shares of Common Stock (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or combination, but including any reclassification of the Common Stock into two or more classes), or in case of any statutory exchange of securities with another corporation (including any exchange effected in connection with a merger of a third corporation into the Corporation), the holder of each share of 5 1/2% Preferred Stock then outstanding shall have the right thereafter to convert such share only into the kind and amount of shares of stock and other securities, cash and other property receivable upon such consolidation, merger, sale, transfer, reclassification, change or statutory exchange by a holder of the number of shares of Common Stock of the Corporation into which such shares of 5 1/2% Preferred Stock might have been converted immediately prior to such consolidation, merger, sale, transfer, reclassification, change or statutory exchange (assuming that the holder of such share of 5 1/2% Preferred Stock, as a holder of Common Stock prior to such transaction, would not have exercised any rights of election as a holder of Common Stock as to the kind or amount of shares of stock and other securities, cash and other property receivable upon such consolidation, merger, sale, transfer, reclassification, change or statutory exchange; provided, that if the kind or amount of shares of stock and other securities, cash and other property receivable upon such consolidation, merger, sale, transfer, reclassification, change or statutory exchange is not the same for each non-electing share of Common Stock, then the kind and amount of shares of stock and other securities, cash or other property receivable shall be deemed to be the kind and amount so receivable by a plurality of the non-electing shares). In any such event, effective provision shall be made, in the articles or certificate of incorporation of the resulting or surviving corporation or other corporation issuing or delivering such shares, other securities, cash or other property or otherwise, so that the provisions set forth herein for the protection of the conversion rights of the 5 1/2% Preferred Stock shall thereafter be applicable, as nearly as reasonably may be, to any such other shares of stock and other securities, cash and other property deliverable upon conversion of the 5 1/2% Preferred Stock remaining outstanding or other convertible stock or securities received by the holders of the 5 1/2% Preferred Stock in place thereof; and any such resulting or surviving corporation or other corporation issuing or delivering such shares, other securities, cash and other property shall expressly assume the obligation to deliver, upon the exercise of the conversion privilege, such shares, securities, cash and other property as the holders of the 5 1/2% Preferred Stock remaining outstanding, or other convertible stock or securities received by the holders of the 5 1/2% Preferred Stock in place thereof, shall be entitled to receive, pursuant to the provision hereof, and to make provision for the protection of the conversion right as above provided. In case shares of stock, securities, cash or other property other than Common Stock shall be issuable or deliverable upon conversion as aforesaid, then all references to Common Stock in this paragraph 4 shall be deemed to apply, so far as provided and as nearly as is reasonable, to any such shares, other securities, cash or other property. The above provisions shall similarly apply to successive consolidations, mergers, sales, transfers, reclassification, changes or statutory exchanges.

(g) No fractional interests in Common Stock shall be issued upon conversion of shares of 5 1/2% Preferred Stock. If more than one share of 5 1/2% Preferred Stock shall be surrendered for conversion at one time by the same holder, the number of full shares of Common Stock issuable by the Corporation upon conversion thereof shall be computed on the basis of the aggregate number of shares of 5 1/2% Preferred Stock so surrendered. Instead of any fractional share of Common Stock which could otherwise be issuable upon conversion of any share of 5 1/2% Preferred Stock, the Corporation will pay a cash adjustment in respect of such fractional interest in an amount equal to the same fraction of the Closing Price (as defined in subparagraph 4(e)(iv) per share of Common Stock determined as of the business day preceding the date of conversion.

(h) Whenever any adjustment is required in the Conversion Rate or the number or type of shares of stock or other securities, cash or other property into which each share of 5 1/2% Preferred Stock is convertible, the Corporation shall forthwith (A) file with the Transfer Agent for the 5 1/2% Preferred Stock a statement describing in reasonable detail the adjustment of the Conversion Rate or conversion right, the date on which the adjustment became effective and the facts requiring such adjustment and (B) cause a copy of such statement to be mailed to the holders of record of the 5 1/2% Preferred Stock.

(i) Upon the conversion of shares of 5 1/2% Preferred Stock, the shares so converted shall have the status of authorized and unissued shares of Preferred Stock, without designation as to series, and the number of shares of Preferred Stock which the Corporation shall have authority to issue shall not be decreased by the conversion of shares of 5 1/2% Preferred Stock. The Corporation shall at all times reserve and keep available, free from preemptive rights, out of its authorized and unissued stock or stock held as a treasury stock, solely for the purpose of effecting the conversion of the 5 1/2% Preferred Stock, such number of shares of its Common Stock as shall from time to time be sufficient to effect the conversion of all shares of 5 1/2% Preferred Stock at such time outstanding. For the purposes of this paragraph 4(i), the full number of shares of Common Stock issuable upon the conversion of all outstanding shares of

5 1/2% Preferred Stock shall be computed as if at the time of computation of such number of shares of Common Stock all outstanding shares of 5 1/2% Preferred Stock were held by a single holder. The Corporation shall from time to time, in accordance with the laws of the State of Delaware, increase the authorized number of shares of its Common Stock if at any time the authorized number of shares of its Common Stock not outstanding shall not be sufficient to permit the conversion of all the then outstanding 5 1/2% Preferred Stock.

(j) The Corporation will pay any and all issue or other taxes that may be payable in respect of any issue or delivery of shares of Common Stock on conversion of 5 1/2% Preferred Stock pursuant hereto. The Corporation shall not, however, be required to pay any tax which may be payable in respect to any transfer involved in the issue or delivery of Common Stock in a name other than that in which the 5 1/2% Preferred Stock so converted was registered, and no such issue or delivery shall be made unless and until the person requesting such issue has paid to the Corporation the amount of such tax, or has established, to the satisfaction of the Corporation, that such tax has been paid.

(k) Before taking any action which would cause an adjustment reducing the Conversion Rate below the then par value of the Common Stock, the Corporation will take any corporate action which may, in the opinion of its counsel, be necessary in order that the Corporation may validly and legally issue paid and nonassessable shares of Common Stock at the Conversion Rate as so adjusted.

(l) In case: (i) the Corporation shall declare a dividend (or any other distribution) on its Common Stock (other than cash dividends paid out of the retained earnings of the Corporation and dividends payable in Common Stock); or (ii) the Corporation shall authorize the granting to the holders of its Common Stock of rights or warrants to subscribe for or purchase any shares of stock of any class or of any other rights or warrants; or (iii) of any reclassification or change of the Common Stock of the Corporation (other than a subdivision or combination of its outstanding Common Stock (but including any reclassification of the Common Stock into two or more classes), or a change in par value, or from par value to no par value, or from no par value to par value), or of any consolidation or merger to which the Corporation is a party or of any statutory exchange of securities with another corporation and for which approval of any stockholders of the Corporation is required, or of the sale or transfer of all or substantially all of the assets of the Corporation; or (iv) of the voluntary or involuntary dissolution, liquidation or winding up of the Corporation; then, in each such case, the Corporation shall mail to each holder of 5 1/2% Preferred Stock at least fifteen days prior to the applicable date hereinafter specified, a notice stating (A) the date on which a record is to be taken for the purpose of such dividend, distribution or rights or warrants or, if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distribution or rights or warrants are to be determined, or (B) the date on which such reclassification, change, consolidation, merger, sale, transfer, statutory exchange, dissolution, liquidation or winding up is expected to become effective, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities or other property deliverable upon such reclassification, change, consolidation, merger, sale, transfer, statutory exchange, dissolution, liquidation or winding up. Failure to give such notice, or any defect therein, shall not, however, affect the legality or validity of any action described in clauses (i), (ii), (iii) or (iv) of this paragraph 4(l).

5. Liquidation Preference.

Upon the dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, the holders of 5 1/2% Preferred Stock shall be entitled to receive out of the assets of the Corporation available for distribution to stockholders, the amount of $25.00 (the "Liquidation Preference") per share plus an amount equal to all dividends (whether or not declared or due) on such shares accrued and unpaid thereon to the date of final distribution, before any payment or distribution shall be made on the Common Stock or on any other class or series of stock ranking junior to the 5 1/2% Preferred Stock with respect to distributions upon liquidation, dissolution or winding up. For purposes of this Section 5, the merger or consolidation of the Corporation or the sale of all or substantially all of the Corporation's assets shall not be deemed to be a liquidation, dissolution or winding up of the Corporation. In the event the assets of the Corporation available for distribution to the holders of shares of the 5 1/2% Preferred Stock upon any dissolution, liquidation or winding up of the Corporation shall be insufficient to pay in full all amounts to which such holders are entitled pursuant to this Section 5, no such distribution shall be made upon account of any shares of any other class or series of stock of the Corporation ranking on a parity with the shares of the 5 1/2% Preferred Stock upon such dissolution, liquidation or winding up unless proportionate distribution amounts shall be paid on account of the shares of the 5 1/2% Preferred Stock, ratably, in proportion to the full distributable amounts to which holders of all such parity shares are respectively entitled upon such dissolution, liquidation or winding up. After the payment of the holders of the shares of the 5 1/2% Preferred Stock of the full preferential amounts provided for in this Section 5, the holders of the 5 1/2% Preferred Stock as such shall have no right or claim to any of the remaining assets of the Corporation.

6. Voting Rights.

(a) The holder of each outstanding share of 5 1/2% Preferred Stock shall be entitled to 0.57087 votes per share on each matter submitted to a vote of stockholders of the Corporation and, except as provided by law, the holders of 5 1/2% Preferred Stock shall vote together with the holders of the Common Stock as a single class; provided, that whenever, through stock dividend or subdivision or combination of shares, the number of shares of Common Stock into which each share of 5 1/2% Preferred Stock is convertible is required, under the provisions of paragraph 4(e) hereof, to be adjusted, the vote to which the holder of each outstanding share of 5 1/2% Preferred Stock shall be entitled shall be increased or decreased, as the case may be, to that number which is equal to the number of shares of Common Stock into which such share of 5 1/2% Preferred Stock shall after such adjustment, be convertible.

(b) In exercising any voting rights as a separate class, each share of 5 1/2% Preferred Stock shall be entitled to one vote.

7. Amendment.

This Certificate of Designation, Preferences and Rights may be amended, altered or repealed by the unilateral action of the Board of Directors of the Corporation without the consent or vote of stockholders. Notwithstanding the preceding sentence, the Certificate of Incorporation of the Corporation (including this Certificate of Designation) shall not be amended, altered or repealed in any manner which would adversely affect the powers, preferences, or special rights of the 5 1/2% Preferred Stock without the affirmative vote or consent of the holders of at least a majority of the outstanding shares of 5 1/2% Preferred Stock, voting separately as a class; provided, that any increase in the authorized Preferred Stock or the creation and issuance of any other class or series of Preferred Stock ranking on a parity with or junior to the 5 1/2% Preferred Stock as to payment of dividends and upon liquidation, dissolution or winding up or any decrease in the number of shares which constitute the 5 1/2% Preferred Stock (but not below the number of shares thereof then outstanding) shall not be deemed to adversely affect such powers, preferences or special rights; and provided further that the subdivision of outstanding shares of 5 1/2% Preferred Stock into a greater number of shares or the combination of outstanding shares of 5 1/2% Preferred Stock into a smaller number of shares, which shall include an equitable adjustment in the dividend, conversion rate, liquidation preference and voting rights of the then outstanding shares of the 5 1/2% Preferred Stock shall not be deemed to adversely affect such powers, preferences or special rights.

SECOND: That thereafter, pursuant to resolution of its Board of Directors, the annual meeting of the stockholders of said corporation was duly called and held on April 28, 1993, upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware at which meeting the Amended Certificate of Designation was approved by the holders of the Corporation’s Common Stock and by the holders of the 5 1/2% Preferred Stock.

THIRD: That the Amended Certificate of Designation was duly adopted in accordance with the provisions of Section 151 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, said STEPAN COMPANY has caused this corporate seal to be hereunto affixed and this certificate to be signed by F. QUINN STEPAN, its Chairman and President, and attested by JEFFREY W. BARTLETT, its Secretary, this 28th day of April, 1993.

STEPAN COMPANY

BY /s/ F. Quinn Stepan
Chairman and President

BY: /s/ Jeffrey W. Bartlett
Secretary

Exhibit 31.1

CERTIFICATION OF PRESIDENT AND CHIEF EXECUTIVE OFFICER
PURSUANT TO EXCHANGE ACT RULE 13a – 14(a)/15d-14(a)

I, F. Quinn Stepan, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Stepan Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's independent registered public accounting firm and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2011

/s/ F. Quinn Stepan, Jr.

F. Quinn Stepan, Jr.
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF VICE PRESIDENT AND CHIEF FINANCIAL OFFICER
PURSUANT TO EXCHANGE ACT RULE 13a – 14(a)/15d-14(a)

I, James E. Hurlbutt, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Stepan Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s independent registered public accounting firm and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 5, 2011

/s/ J. E. Hurlbutt

J. E. Hurlbutt
Vice President and Chief Financial Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350

In connection with the Quarterly Report of Stepan Company (the "Company") on Form 10-Q for the period ended March 31, 2011, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 5, 2011

/s/ F. Quinn Stepan, Jr.
Name: F. Quinn Stepan, Jr.
Title: President and Chief Executive Officer

/s/ James E. Hurlbutt
Name: James E. Hurlbutt
Title: Vice President and Chief Financial Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

A signed original of this certification has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.