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

FORM 10-Q

(MARK ONE)
(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 1999

(   ) 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 X 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 July 31, 1999
Common Stock, $1 par value	9,582,977 Shares

Part I FINANCIAL INFORMATION

Item 1 - Financial Statements

STEPAN COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
June 30, 1999 and December 31, 1998
Unaudited

(Dollars in Thousands)	6/30/99	12/31/98
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 2,578	$ 983
Receivables, net	95,079	81,890
Inventories (Note 2)	49,648	52,496
Deferred income taxes	10,572	10,572
Other current assets	3,487	3,817
Total current assets	161,364	149,758
PROPERTY, PLANT AND EQUIPMENT:		
Cost	582,458	568,601
Less: Accumulated depreciation	370,533	353,505
Property, plant and equipment, net	211,925	215,096
OTHER ASSETS	38,046	39,507
Total assets	$411,335	$ 404,361
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt	$ 8,310	$ 6,807
Accounts payable	44,763	43,977
Accrued liabilities	35,085	37,160
Total current liabilities	88,158	87,944
DEFERRED INCOME TAXES	41,933	39,920
LONG-TERM DEBT, less current maturities	109,844	107,708
OTHER NON-CURRENT LIABILITIES	17,819	20,805
STOCKHOLDERS' EQUITY:		
5-1/2% convertible preferred stock, cumulative, voting without par value; authorized 2,000,000 shares; issued 783,287 shares in 1999 and 784,417 shares in 1998	19,582	19,611
Common stock, $1 par value; authorized 30,000,000 shares; issued 10,049,276 shares in 1999 and 9,997,736 shares in 1998 (Note 8)	10,049	9,998
Additional paid-in capital	11,715	10,962
Accumulated other comprehensive loss	(10,265)	(9,050)
Retained earnings (approximately $49,575 unrestricted in 1999 and $44,346 in 1998)	138,247	127,478
	169,328	158,999
Less: Treasury stock, at cost	15,747	11,015
Stockholders' equity	153,581	147,984
Total liabilities and stockholders' equity	$411,335	$ 404,361

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these condensed consolidated balance sheets.

STEPAN COMPANY
CONSOLIDATED STATEMENTS OF INCOME
For the Three and Six Months Ended June 30, 1999 and 1998
Unaudited

(In Thousands, except per share amounts)	Three Months Ended June 30		Six Months Ended June 30	
	1999	1998	1999	1998
NET SALES	$166,759	$155,509	$330,720	$305,897
Cost of Sales	134,368	125,855	269,410	248,414
Gross Profit	32,391	29,654	61,310	57,483
Operating Expenses:				
Marketing	6,144	5,591	11,826	11,544
Administrative	6,025	5,208	11,545	10,382
Research, Development and Technical Services	5,295	5,272	10,787	10,576
	17,464	16,071	34,158	32,502
Operating Income	14,927	13,583	27,152	24,981
Other Income (Expense):				
Interest, Net	(2,158)	(1,769)	(4,268)	(3,676)
Income from Equity Joint Ventures	194	45	227	92
	(1,964)	(1,724)	(4,041)	(3,584)
Income Before Income Taxes	12,963	11,859	23,111	21,397
Provision for Income Taxes	5,007	4,749	9,013	8,565
NET INCOME	$ 7,956	$ 7,110	$ 14,098	$ 12,832
Net Income Per Common Share (Note 5)				
Basic	$ 0.81	$ 0.70	$ 1.42	$ 1.26
Diluted	$ 0.75	$ 0.64	$ 1.32	$ 1.16
Dividends per Common Share	$ 0.1500	$ 0.1375	$ 0.3000	$ 0.2750
Average Common Shares Outstanding	9,616	9,854	9,648	9,850

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

STEPAN COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Six Months Ended June 30, 1999 and 1998
Unaudited

(Dollars In Thousands)	6/30/99	6/30/98
NET CASH FLOW FROM OPERATING ACTIVITIES		
Net income	$ 14,098	$ 12,832
Depreciation and amortization	20,411	18,673
Deferred revenue recognition	(3,656)	(2,163)
Deferred income taxes	2,072	2,412
Environmental and legal liabilities	(761)	(1,797)
Other non-cash items	397	156
Changes in Working Capital:		
Receivables, net	(13,189)	(8,328)
Inventories	2,848	3,354
Accounts payable and accrued liabilities	142	(1,336)
Other	330	848
Net Cash Provided by Operating Activities	22,692	24,651
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures for property, plant and equipment	(17,133)	(15,603)
Investment in acquisitions	-	(19,695)
Other non-current assets	109	1,829
Net Cash Used for Investing Activities	(17,024)	(33,469)
CASH FLOWS FROM FINANCING AND OTHER RELATED ACTIVITIES		
Revolving debt and notes payable to banks, net	10,300	17,590
Other debt borrowings	66	-
Other debt repayments	(6,727)	(4,957)
Purchase of treasury stock, net	(4,732)	(804)
Dividends paid	(3,329)	(3,162)
Other non-cash items	349	167
Net Cash Provided by (Used for) Financing and Other Related Activities	(4,073)	8,834
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,595	16
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	983	5,507
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 2,578	$ 5,523
CASH PAID DURING THE PERIOD FOR:		
Interest	$ 4,433	$ 3,851
Income taxes	$ 7,162	$ 4,945

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

STEPAN COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
June 30, 1999 and December 31, 1998
Unaudited

1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements included herein have been prepared by the company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles 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. It is suggested that these condensed consolidated financial statements be read in conjunction with the financial statements and the notes thereto included in the company's latest Annual Report to Stockholders and the Annual Report to the Securities and Exchange Commission on Form 10-K for the year ended December 31, 1998. In the opinion of management all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the consolidated financial position of Stepan Company as of June 30, 1999, and the consolidated results of operations for the three and six months then ended and cash flows for the six months then ended, have been included.

2. INVENTORIES

Inventories include the following amounts:

(Dollars in Thousands)	6/30/99	12/31/98
Inventories valued primarily on LIFO basis --		
Finished products	$32,272	$33,444
Raw materials	17,376	19,052
Total inventories	$49,648	$52,496

If the first-in, first-out (FIFO) inventory valuation method had been used for all inventories, inventory balances would have been approximately $9,800,000 and $10,000,000 higher than reported at June 30, 1999, and December 31, 1998, respectively.

3. DEFERRED REVENUES

Net sales for the three and six months ended June 30, 1999, included the recognition of $2.5 million and $3.7 million, respectively, of previously deferred revenues. Approximately $1.43 million of the amounts was accelerated and recorded in the second quarter when a customer released the company from further performance under a prepaid contract that originally extended into the year 2000.

4. CONTINGENCIES

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 federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("Superfund") and the Superfund amendments of 1986. The company, and others, have been named as potentially responsible parties at affected geographic sites. As discussed in Management's Discussion and Analysis of Financial Condition and Results of Operations included in this filing, 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 from $4.2 million to $26.4 million at June 30, 1999. At June 30, 1999, the company's reserve was $16.8 million for legal and environmental matters compared to $17.6 million at December 31, 1998.

For certain sites, estimates cannot be made of the total costs of compliance, or the company's share of such costs; accordingly, the company is unable to predict the effect thereof on future results of operations. In the event of one or more adverse determinations in any annual or interim period, the impact on 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 3, Legal Proceedings, in the 1998 Form 10-K Annual Report and in other filings of the company with the Securities and Exchange Commission, which are available upon request from the company.

5. EARNINGS PER SHARE

Below is the computation of basic and diluted earnings per share for the three and six months ended June 30, 1999 and 1998.

(In Thousands, except per share amounts)	Three Months Ended June 30		Six Months Ended June 30	
	1999	1998	1999	1998
Computation of Basic Earnings per Share				
Net income	$7,956	$7,110	$14,098	$12,832
Deduct dividends on preferred stock	213	224	437	449
Income applicable to common stock	$7,743	$6,886	$13,661	$12,383
Weighted-average number of shares outstanding	9,616	9,854	9,648	9,850
Basic earnings per share	$ 0.81	$ 0.70	$ 1.42	$ 1.26

EARNINGS PER SHARE (continued)

Computation of Diluted Earnings per Share

	Three Months Ended June 30		Six Months Ended June 30	
	1999	1998	1999	1998
Net Income	$ 7,956	$ 7,110	$14,098	$12,832
Weighted-average number of shares outstanding	9,616	9,854	9,648	9,850
Add net shares issuable from assumed exercise of options (under treasury stock method)	333	485	334	438
Add weighted-average shares issuable from assumed conversion of convertible preferred stock	721	744	732	745
Shares applicable to diluted earnings	10,670	11,083	10,714	11,033
Diluted earnings per share	$ 0.75	$ 0.64	$ 1.32	$ 1.16

6. COMPREHENSIVE INCOME

Below is the company's comprehensive income for the three and six months ended June 30, 1999 and 1998:

(Dollars in Thousands)	Three Months Ended June 30		Six Months Ended June 30	
	1999	1998	1999	1998
Net income	$7,956	$ 7,110	$14,098	$12,832
Other comprehensive loss:				
Foreign currency translation adjustments	(287)	(1,174)	(1,215)	(1,773)
Comprehensive income	$7,669	$ 5,936	$12,883	$11,059

7. SEGMENT REPORTING

In 1998, the company adopted Statement of Financial Accounting Standards No. 131 "Disclosures about Segments of an Enterprise and Related Information" (SFAS No. 131), effective for the periods beginning after December 15, 1997. Stepan Company has three reportable segments: surfactants, polymers and specialty products. Financial results of Stepan Company's operating segments for the quarters and six months ended June 30, 1999 and 1998 are summarized below:

(Dollars in Thousands)	Surfactants	Polymers	Specialty Products	Segment Totals
For the quarter ended June 30, 1999				
Net sales	$130,857	$31,619	$ 4,283	$166,759
Operating income	14,320	6,546	528	21,394
For the quarter ended June 30, 1998				
Net sales	$120,960	$29,361	$ 5,188	$155,509
Operating income	12,681	5,216	1,197	19,094

SEGMENT REPORTING (continued)

(Dollars in Thousands)	Surfactants	Polymers	Specialty Products	Segment Totals
For six months ended June 30, 1999				
Net sales	$262,606	$59,381	$ 8,733	$330,720
Operating income	27,925	11,402	1,154	40,481
For six months ended June 30, 1998				
Net sales	$240,160	$55,402	$10,335	$305,897
Operating income	25,344	8,844	2,435	36,623

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

(Dollars in Thousands)	Three Months Ended June 30		Six Months Ended June 30	
	1999	1998	1999	1998
Operating income segment totals	$21,394	$19,094	$ 40,481	$ 36,623
Unallocated corporate expenses (a)	(6,467)	(5,511)	(13,329)	(11,642)
Interest expense	(2,158)	(1,769)	(4,268)	(3,676)
Income from equity in joint ventures	194	45	227	92
Consolidated income before income taxes	$12,963	$11,859	$ 23,111	$ 21,397

(a) Includes corporate administrative and corporate manufacturing expenses which are not included in segment operating income and not used to evaluate segment performance.

8. AUTHORIZED COMMON SHARES

On May 11, 1999, shareholders approved an amendment to the company's Certificate of Incorporation which increased the number of authorized shares of Common Stock, par value $1 per share, from 15,000,000 shares to 30,000,000 shares.

9. SOFTWARE DEVELOPMENT COSTS

In March 1998, the American Institute of Certified Public Accountants issued Statement of Position (SOP) 98-1, "Accounting for the Cost of Computer Software Developed or Obtained for Internal Use". SOP 98-1 provides guidance on accounting for costs related to obtaining or developing internal-use software. The company adopted SOP 98-1 in 1999. The adoption does not have a material impact on the company's operating results or financial position.

STEPAN COMPANY
Management's Discussion and Analysis of
Financial Condition and Results of Operations

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

LIQUIDITY AND CAPITAL RESOURCES

For the first six months of 1999, net cash from operations totaled $22.7 million, down by $2.0 million compared to the same period in 1998. Net income increased by $1.3 million while depreciation and amortization and other non-cash income add-backs were up by a total of $1.2 million. Working capital amounted to a cash use of $9.9 million for the current year period compared to a $5.5 million use for the same period in 1998.

Capital expenditures totaled $17.1 million for the first half of 1999, compared to $15.6 million in 1998. Despite higher current year spending, total year capital expenditures are expected to be lower for 1999 compared to 1998.

Since December 31, 1998, total company debt has increased by $3.6 million, to $118.2 million. As of June 30, 1999, the ratio of long-term debt to long-term debt plus shareholders' equity was 41.7 percent, down from 42.1 percent at year-end.

The company maintains contractual relationships with its domestic banks that provide for revolving credit which may be drawn upon as needed for general corporate purposes. This credit facility was amended on March 12, 1999, to increase the total amount of the commitment from $45 million to $60 million. Other terms of the agreement remained unchanged.

The company also meets short-term liquidity requirements through uncommitted bank lines of credit. The company's foreign subsidiaries maintain committed and uncommitted bank lines of credit in their respective countries to meet working capital requirements as well as to fund capital expenditure programs and acquisitions.

The company anticipates that cash from operations and from committed credit facilities will be sufficient to fund anticipated capital expenditures, dividends and other planned financial commitments for the foreseeable future. Any substantial acquisitions would require additional funding.

There have been no material changes in the company's market risks since December 31, 1998.

RESULTS OF OPERATIONS

Three Months Ended June 30, 1999 and 1998

Net income for the second quarter ended June 30, 1999, was a record $8.0 million, or $0.81 per share ($0.75 per share diluted), up 12 percent from the $7.1 million, or $0.70 per share ($0.64 per share diluted), reported a year ago. Net sales rose seven percent to $166.8 million from $155.5 million in the second quarter of 1998. Net sales by segment were:

(Dollars in Thousands)	Three Months Ended June 30		
	1999	1998	% Change
Net Sales:			
Surfactants	$130,857	$120,960	+8%
Polymers	31,619	29,361	+8%
Specialty Products	4,283	5,188	-17%
Total	$166,759	$155,509	+7%

Surfactants net sales increased eight percent from $121.0 million in the second quarter of 1998 to $130.9 million in the second quarter of 1999. The increase was due to an eight percent growth in sales volume. Domestic operations, which accounted for 77 percent of total surfactant revenues, reported net sales that were $5.0 million, or five percent, greater than a year ago. Sales volume increased five percent. The volume increase was mainly due to increased demand for the company's personal care products. Domestic sales included $2.5 million of deferred revenue recognition of which $1.43 million was accelerated due to the company's release from a prepaid contract for future supply of product. Foreign operations posted an increase in net sales between quarters of $4.9 million, or 20 percent. A rise in sales volume for all foreign subsidiaries led to the increase. Stepan Mexico reported a 37 percent increase in net sales on higher sales volume and selling prices. The fourth quarter 1998 acquisition of the anionic and cationic surfactant business from Boehme Filatex Canada, Inc. contributed to a 10 percent growth in net sales for Stepan Canada. Stepan Europe's net sales increased nine percent on a 27 percent gain in sales volume. Stepan Colombia accounted for 36 percent of the total foreign sales volume gain. The subsidiary was consolidated for the first time in June of 1998. There was no material exchange rate fluctuation impact on net sales.

Surfactants gross profit increased eight percent from $21.6 million for the second quarter in 1998 to $23.2 million for the second quarter in 1999. Domestic operations gross profit increased five percent due to the earlier noted rise in sales volume and accelerated recognition of deferred revenues, partially offset by lower margins. Foreign operations gross profit increased $0.7 million, or 22 percent, due primarily to higher sales volume. Increased margins in Canada also contributed to the increased gross profit, while all other foreign subsidiaries reported lower margins.

Polymers net sales increased eight percent between quarters on sales volume that increased 10 percent. Most of the net sales and volume gains were contributed by the polyurethane polyols business. Globally, net sales for polyurethane polyols grew by $2.5 million, or 17 percent, on sales volume that increased 19 percent. Polyurethane systems also contributed with a four percent rise in net sales due to a three percent increase in sales volume. Despite a two percent growth in sales volume, phthalic anhydride (PA) net sales declined $0.5 million, or five percent, between quarters. Lower average selling prices led to the decline. The drop in the average selling prices was primarily due to decreased raw material cost, change in customer mix and price reductions necessitated by competitive market situations.

Polymers gross profit increased 27 percent to $8.3 million in the second quarter of 1999 from $6.5 million in the second quarter of 1998. Polyurethane polyols reported a $1.9 million, or 45 percent, increase in gross profit between quarters. The increase was due to increased sales volume and margins. Polyurethane systems, as a result of better margins and improved sales volume, reported a 16 percent increase in gross profit. PA's gross profit declined 11 percent due to a drop in margins resulting from reduced prices and a change in customer mix.

Specialty products net sales decreased $0.9 million, or 17 percent, from quarter to quarter. Gross profit declined 47 percent from a year ago. A decline in sales volume led to the drop in net sales and gross profit.

Operating expenses for the second quarter of 1999 rose nine percent, from $16. 1 million in 1998 to $17.5 million in 1999. Administrative expenses increased 16 percent due to larger than usual consulting costs. Marketing expenses increased 10 percent.

Interest expense increased 22 percent due to higher levels of debt.

Six Months Ended June 30, 1999 and 1998

Net income for the first six months ended June 30, 1999, was $14.1 million, or $1.42 per share ($1.32 per share diluted), compared to $12.8 million, or $1.26 per share ($1.16 per share diluted), for the same period in 1998. Net sales increased eight percent to $330.7 million from $305.9 million reported last year. Net sales by segment were:

(Dollars in Thousands)	Six Months Ended June 30		
	1999	1998	% Change
Net Sales:			
Surfactants	$262,606	$240,160	+9%
Polymers	59,381	55,402	+7%
Specialty Products	8,733	10,335	-16%
Total	$330,720	$305,897	+8%

Surfactants net sales increased nine percent for the first six months of 1999 over those of a year ago. The increase was primarily due to a six percent increase in sales volume, coupled with increased average selling prices. Domestic operations, which accounted for 78 percent of total surfactant revenue, posted an $11.5 million, or six percent, increase in net sales due to a three percent increase in sales volume and a two percent rise in average selling prices. The domestic growth was primarily driven by increased demand for the company's personal care products.

Foreign operations net sales climbed $10.9 million, or 23 percent, from year to year. A 22 percent rise in sales volume was the main driving force behind the growth. All foreign subsidiaries reported sales volume growth. Volumes for Stepan Canada and Stepan Europe grew 22 percent and 19 percent, respectively. Canada benefited from the fourth quarter 1998 acquisition of the anionic and cationic surfactant business from Boehme Filatex Canada, Inc. Stepan Colombia contributed 31 percent of the total foreign sales volume gain. The subsidiary was consolidated for the first time in June of 1998. Stepan Mexico's net sales increased 39 percent on a two percent sales volume gain. Mexico's sales increase was largely due to a major customer switching from consigning raw material and paying a processing fee to buying finished goods inclusive of raw materials costs.

Surfactants gross profit increased five percent between years to $45.0 million in 1999 from $42.7 million in 1998. Domestic surfactants reported a five percent rise in gross profit due to increased sales volume and to the second quarter 1999 recognition of $1.43 million of previously deferred revenues as noted in the quarter to quarter discussion. Margins fell slightly between years, which partially offset the impact of volumes and deferred revenue recognition. Foreign operations gross profit grew seven percent. Sales volume growth, partially offset by lower margins, led to the improvement.

Polymers net sales increased $4.0 million, or seven percent, to $59.4 million in 1999 from $55.4 million in 1998. Sales volume grew 12 percent and more than offset a four percent decline in average selling prices. Polyurethane polyols accounted for most of the improvement with a gain in net sales of $4.8 million on a 21 percent increase in sales volume. Polyurethane systems net sales increased 16 percent due to a 17 percent growth in sales volume. Lower raw material cost, competitive pressure on prices and a change in customer mix caused a decline in PA's selling prices, which led to a 12 percent decrease in net sales.

Polymers gross profit increased 26 percent from $11.6 million in 1998 to $14.7 million in 1999. The growth was mainly due to a strong performance by domestic and foreign polyurethane polyols. Higher margins and sales volume led to a $3.6 million, or 48 percent, increase in polyol gross profit. Polyurethane systems gross profit grew 16 percent due to increased sales volume. Lower margins, due to competitive pressure and a change in customer mix, led to a $0.7 million, or 22 percent, decline in PA's gross profit.

Specialty products net sales for the first half of the year were $8.7 million, down $1.6 million, or 16 percent, from a year ago. Gross profit decreased by $1.5 million from $3.2 million in 1998 to $1.7 million in 1999. Lower sales volume led to the net sales and gross profit declines.

Operating expenses rose five percent to $34.2 million in 1999 from $32.5 million in 1998. Administrative expenses increased 11 percent due to unusually high consulting cost and to higher payroll costs.

Interest expense increased 16 percent due to higher levels of debt.

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 six months of 1999, company expenditures for capital projects related to the environment were $2.1 million and should approximate $3.5 million to $4.5 million for the full year 1999. These projects are capitalized and typically depreciated over 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 our manufacturing locations were $3.7 million for the first six months of 1999.

The company has been named by the government as a potentially responsible party at 16 waste disposal sites where cleanup costs have been or may be incurred under the federal Comprehensive Environmental Response, Compensation and Liability Act 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 from $4.2 million to $26.4 million at June 30, 1999. At June 30, 1999, the company's reserve was $16.8 million for legal and environmental matters compared to $17.6 million at December 31, 1998. During the first six months of 1999, expenditures related to legal and environmental matters approximated $1.2 million. For certain sites, estimates cannot be made of the total costs of compliance or the company's share of such costs; accordingly, the company is unable to predict the effect thereof on future results of operations. In the event of one or more adverse determinations in any annual or interim period, the impact on 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 3, Legal Proceedings, in the 1998 Form 10-K Annual Report and in other filings of the company with the Securities and Exchange Commission, which are available upon request from the company.

YEAR 2000 READINESS DISCLOSURE

The Year 2000 issue is a result of computer systems that utilize two digits, rather than four, to represent a given year. Computer systems used by the company and its business partners that have date-sensitive processing may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in a system failure or inaccurate calculation that may interrupt normal business operations. The company has established a steering team to oversee all efforts and is addressing Year 2000 compliance for 3 major areas: Information Technology ("IT") systems, non-"IT" systems and third-party relationships. The project plan involves 3 phases: inventory and assessment, remediation and testing, and implementation.

Implementation of approximately 90 percent of "IT" systems is fully complete and the remainder of the systems is in the process of remediation and testing. Implementation of the remaining systems is planned for the third quarter.

The non-"IT" systems are comprised of manufacturing process control, telephone, security, laboratory and other embedded chip systems. Implementation of approximately 80 percent of these systems are complete and implementation the remaining non-"IT" systems are expected to be complete in the third quarter of 1999.

The company has initiated formal communications with suppliers and service providers to determine the extent of their efforts in resolving Year 2000 issues. The assessment phase, which includes evaluation of responses and meetings with significant suppliers, is in progress and will continue through the third quarter of 1999. Contingency plans will be developed if responses indicate a probability of non-compliance with Year 2000 requirements.

Costs for the Year 2000 project are currently estimated to be $2.9 million with $2.0 million expended to date. Of the total estimated cost, $1.8 million will be capitalized and the remaining will be expensed as incurred. These costs are not material to the overall IT budget and no projects have been deferred due to Year 2000 efforts. The company's actual cost to achieve Year 2000 compliance could differ significantly from amounts disclosed above due to new issues which have not yet been identified.

Although the company is in the process of implementing its Year 2000 project plan, there can be no assurance that all phases of the plan will be completed prior to the Year 2000 or that if completed prior to the Year 2000 that disruption will not occur. In addition, there can be no assurance that the company's customers, suppliers and service providers will successfully resolve their own Year 2000 issues in a manner which would not cause material impact to the company's operations and financial results. Recognizing these uncertainties, the company is in the process of identifying most reasonable likely worst case scenarios. Contingency plans for these scenarios will be developed as warranted throughout 1999.

OTHER

Except for the historical information contained herein, the matters discussed in this document are forward looking statements that involve risks and uncertainties. The results achieved this quarter are not necessarily an indication of future prospects for the company. Actual results in future quarters may differ materially. Potential risks and uncertainties include, among others, fluctuations in the volume and timing of product orders, changes in demand for the company's products, changes in technology, continued competitive pressures in the marketplace, outcome of environmental contingencies, availability of raw materials, foreign currency fluctuations and the general economic conditions.

Part II OTHER INFORMATION

Item 1 - Legal Proceedings

Reference is made to the USEPA v. Jerome Lightman (92CV4710) (JVS) which involves the Ewan and D'Imperio Superfund Sites located in New Jersey. It was reported the company had filed a Motion for Summary Judgment with regard to its liability at these sites and versus the other named defendants at this site. The other defendants (collectively known as the Joint Defense Group) filed a Cross-motion for Summary Judgment. In addition to which, the company filed certain motions to disqualify experts of the Joint Defense Group (JDG). The Federal District Court, on June 30, 1999, issued an Opinion denying both the company's and the JDG's Motions for Summary Judgment. In addition to which, the Court disqualified one of the JDG's experts. A conference is scheduled for August 24 at which time a trial schedule will be set. The trial will be divided into parts -- one on the issue of liability and the second with regard to allocation, if necessary. While the company believes it has adequate defenses to the issue of liability, the company at this time cannot indicate what its liability, if any, will be at this site but believes adequate reserves have been set in the event it should lose at either or both sites.

Reference is made to the lawsuit Accurso v. Stepan Company et al. (CA 98-139 Middlesex County, New Jersey) (previously known as the Gilberg Case). While the company has attempted to mediate and resolve this case, mediation efforts have not been successful. Consequently, the company is preparing for trial of this case which currently is scheduled to occur in late October, 1999. Depositions and other discovery are continuing. While the company believes it has defenses to the claims brought by the plaintiffs in this action, the company cannot, at this time, indicate what its liability, if any, will be.

Reference is made to lawsuit Olin Corporation v. Fissons plc et al. (93-11166-MLW). The company was dismissed from this action by the Federal Court with the right of Nor-Am Chemical Company ("Nor-Am"), one of the defendants, to file a Motion for Reconsideration. Nor-Am filed a Motion for Reconsideration of the company's dismissal on June 28. If Nor-Am is successful in its Motion for Reconsideration, Stepan Company would be brought back into the case, solely on an issue of whether or not it has Resource Conservation Recovery Act (RCRA) liability with regard to its former site located in Wilmington, Massachusetts. There are a variety of factors including the company's settlement with Olin and the Massachusetts law of contribution which impact on the question of liability and therefore, the company, cannot determine what liability, if any, it would have should Nor-Am's Motion for Reconsideration be granted.

Item 6 - Exhibits and Reports on Form 8-K

(A) Exhibits

(3)a(1) Copy of Certificate of Amendment of Certificate of Incorporation dated May 24, 1999.

(27) Financial Data Schedule

(B) Reports on Form 8-K

None

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

/s/ Walter J. Klein
Walter J. Klein
Vice President - Finance
Principal Financial and Accounting Officer

Date: August 13, 1999

CERTIFICATE OF AMENDMENT
OF
STEPAN COMPANY

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 the Board of Directors of said corporation at a meeting duly held on February 16, 1999, adopted a resolution proposing and declaring advisable the following amendment to the Certificate of Incorporation of this corporation:

> RESOLVED, that the Certificate of Incorporation of Stepan Company be amended by changing the first paragraph of Article FOURTH thereof so that, as amended, said first paragraph of Article FOURTH shall be and read as follows:

"FOURTH: 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."

SECOND: That at the annual meeting of stockholders of said corporation held on May 11, 1999, the stockholders have given consent to said amendment in accordance with the provisions of Section 228 of the General Corporation Law of the State of Delaware.

THIRD: That the aforesaid amendment was duly adopted in accordance with the applicable provisions of Sections 242 and 228 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, said corporation has caused this certificate to be executed by its authorized officer and attested to by its Secretary this 24th day of May, 1999.

STEPAN COMPANY

By:/s/ F. Quinn Stepan, Jr.

Name: F. Quinn Stepan, Jr.
Title: President and Chief Operating Officer

By:/s/ Jeffrey W. Bartlett

Name: Jeffrey W. Bartlett
Title: Secretary

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This schedule contains summary financial information extracted from Condensed Consolidated Balance Sheet as of June 30, 1999 and Consolidated Statement of Income for the six months then ended and is qualified in its entirety by reference to such financial statements.

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6-MOS
DEC-31-1999
JAN-01-1999
JUN-30-1999
2,578
0
95,079
0
49,648
161,364
582,458
370,533
411,335
88,158
0
0
19,582
10,049
123,950
411,335
330,720
330,720
269,410
303,568
0
0
4,268
23,111
9,013
0
0
0
0
14,098
1.42
1.32