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 MARCH 31, 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 April 30, 1999
Common Stock, $1 par value	9,626,105 shares

Part I FINANCIAL INFORMATION

Item 1 - Financial Statements

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

(Dollars in Thousands)	3/31/99	12/31/98
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 3,783	$ 983
Receivables, net	93,941	81,890
Inventories (Note 2)	47,245	52,496
Deferred income taxes	10,572	10,572
Other current assets	3,530	3,817
Total current assets	159,071	149,758
PROPERTY, PLANT AND EQUIPMENT:		
Cost	574,413	568,601
Less: Accumulated depreciation	361,842	353,505
	212,571	215,096
OTHER ASSETS	38,629	39,507
Total assets	$410,271	$ 404,361
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt	$ 6,613	$ 6,807
Accounts payable	51,959	43,977
Accrued liabilities	34,451	37,160
Total current liabilities	93,023	87,944
DEFERRED INCOME TAXES	40,723	39,920
LONG-TERM DEBT, less current maturities	107,150	107,708
OTHER NON-CURRENT LIABILITIES	19,506	20,805
STOCKHOLDERS' EQUITY:		
5-1/2% convertible preferred stock, cumulative, voting without par value; authorized 2,000,000 shares; issued 783,887 shares in 1999 and 784,417 shares in 1998	19,597	19,611
Common stock, $1 par value; authorized 15,000,000 shares; issued 10,048,491 shares in 1999 and 9,997,736 shares in 1998 (Note 7)	10,048	9,998
Additional paid-in capital	11,702	10,962
Accumulated other comprehensive loss	(9,978)	(9,050)
Retained earnings (approximately $46,507 unrestricted in 1999 and $44,346 in 1998)	131,944	127,478
	163,313	158,999
Less: Treasury stock, at cost	13,444	11,015
Stockholders' equity	149,869	147,984
Total liabilities and stockholders' equity	$410,271	$ 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 Months Ended March 31, 1999 and 1998
Unaudited

(In Thousands, except per share amounts)	Three Months Ended March 31 1999	1998
NET SALES	$163,961	$150,388
Cost of Sales	135,042	122,559
Gross Profit	28,919	27,829
Operating Expenses:		
Marketing	5,682	5,953
Administrative	5,520	5,174
Research, Development and Technical Services	5,492	5,304
	16,694	16,431
Operating Income	12,225	11,398
Other Income (Expense):		
Interest, Net	(2,110)	(1,907)
Income from Equity Joint Ventures	33	47
	(2,077)	(1,860)
Income Before Income Taxes	10,148	9,538
Provision for Income Taxes	4,006	3,816
NET INCOME	$ 6,142	$ 5,722
Net Income Per Common Share		
Basic	$ 0.61	$ 0.56
Diluted	$ 0.57	$ 0.52
Dividends per Common Share	$ 0.1500	$ 0.1375
Average Common Shares Outstanding	9,681	9,846

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

STEPAN COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Three Months Ended March 31, 1999 and 1998
Unaudited

(Dollars In Thousands)	3/31/99	3/31/98
NET CASH FLOW FROM OPERATING ACTIVITIES		
Net income	$ 6,142	$ 5,722
Depreciation and amortization	10,211	9,318
Deferred revenue recognition	(1,112)	(1,081)
Deferred income taxes	836	(406)
Environmental and legal liabilities	(186)	(548)
Other non-cash items	438	87
Changes in Working Capital:		
Receivables, net	(12,051)	(5,535)
Inventories	5,251	2,401
Accounts payable and accrued liabilities	5,273	(1,213)
Other	287	796
Net Cash Provided by Operating Activities	15,089	9,541
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures for property, plant and equipment	(7,886)	(6,401)
Other non-current assets	82	125
Net Cash Used for Investing Activities	(7,804)	(6,276)
CASH FLOWS FROM FINANCING AND OTHER RELATED ACTIVITIES		
Revolving debt and notes payable to banks, net	(400)	(1,610)
Other debt repayments	(352)	(57)
Purchases of treasury stock, net	(2,429)	(452)
Dividends paid	(1,676)	(1,583)
Other non-cash items	372	175
Net Cash Used for Financing and Other Related Activities	(4,485)	(3,527)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,800	(262)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	983	5,507
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 3,783	$ 5,245
CASH PAID DURING THE PERIOD FOR:		
Interest	$ 735	$ 887
Income taxes	$ 1,728	$ 896

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

STEPAN COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
March 31, 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 March 31, 1999, and the consolidated results of operations and cash flows for the three months then ended, have been included.

2. INVENTORIES

Inventories include the following amounts:

(Dollars in Thousands)	3/31/99	12/31/98
Inventories valued primarily on LIFO basis -		
Finished products	$ 29,755	$ 33,444
Raw materials	17,490	19,052
Total inventories	$ 47,245	$ 52,496

If the first-in, first-out (FIFO) inventory valuation method had been used for all inventories, inventory balances would have been approximately $9,600,000 and $10,000,000 higher than reported at March 31, 1999, and December 31, 1998, respectively.

3. 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 March 31, 1999. At March 31, 1999, the company's reserve was $17.4 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.

4. EARNINGS PER SHARE

Below is the computation of basic and diluted earnings per share for the three months ended March 31, 1999 and 1998.

(In Thousands, except per share amounts)	Three Months Ended March 31 1999	1998
Computation of Basic Earnings per Share		
Net income	$ 6,142	$ 5,722
Deduct dividends on preferred stock	224	224
Income applicable to common stock	$ 5,918	$ 5,498
Weighted-average number of shares outstanding	9,681	9,846
Basic earnings per share	$ 0.61	$ 0.56
Computation of Diluted Earnings per Share		
Net income	$ 6,142	$ 5,722
Weighted-average number of shares outstanding	9,681	9,846
Add net shares issuable from assumed exercise of options (under treasury stock method)	336	391
Add weighted-average shares issuable from assumed conversion of convertible preferred stock	743	746
Shares applicable to diluted earnings	10,760	10,983
Diluted earnings per share	$ 0.57	$ 0.52

5. COMPREHENSIVE INCOME

The Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" (SFAS No. 130), which is effective for fiscal years beginning after December 15, 1997. SFAS No. 130, which the company adopted in 1998, requires that comprehensive income be reported in a financial statement that is displayed with the same prominence as other financial statements (although for interim financial reporting footnote disclosure of comprehensive income is acceptable). Comprehensive income includes net income and all other nonowner changes in equity that are not reported in net income. The foreign currency translation losses totaled $928,000 and $599,000 for the quarters ended March 31, 1999 and 1998, respectively. Therefore, total comprehensive income was $5,214,000 for the quarter ended March 31, 1999, compared to $5,123,000 for the same quarter of 1998.

6. 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 ended March 31, 1999 and 1998 are summarized below:

(Dollars in Thousands)	Surfactants	Polymers	Specialty Products	Segment Totals
For the quarter ended March 31, 1999				
Net Sales	$131,749	$27,762	$4,450	$163,961
Operating income	13,605	4,856	626	19,087
For the quarter ended March 31, 1998				
Net Sales	$119,200	$26,041	$5,147	$150,388
Operating income	12,663	3,628	1,238	17,529

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

(Dollars in Thousands)	Three Months Ended March 31	
	1999	1998
Operating income segment totals	$19,087	$17,529
Unallocated corporate expenses (a)	(6,862)	(6,131)
Interest expense	(2,110)	(1,907)
Income from equity in joint ventures	33	47
Consolidated income before income taxes	$10,148	$ 9,538

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

There have been no changes in the basis of segmentation or the measurement of segment profit or loss and no material change in segment assets from those disclosed in the annual report for the year ended December 31, 1998.

7. SUBSEQUENT EVENT

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

8. 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 three months ended March 31, 1999, net cash from operations totaled $15.1 million, up by $5.5 million compared to the same quarter in 1998. Net income was up by $0.4 million while depreciation and amortization and other non-cash income add-backs were up by $2.8 million. Working capital was a seasonal cash use of $1.2 million during the current year quarter compared to a $3.6 million use for the same period a year ago.

Capital expenditures totaled $7.9 million for the first quarter of 1999, compared to $6.4 million in 1998. Despite higher current quarter spending, total year capital expenditures are expected to be lower for 1999 compared to 1998.

Since December 31, 1998, consolidated debt decreased by $0.8 million, to $113.8 million. As of March 31, 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 which 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 March 31, 1999 and 1998

Net income for the first quarter ended March 31, 1999, increased to $6.1 million, or $0.57 per share diluted, from $5.7 million or $0.52 per share diluted a year ago. Net sales increased nine percent to $164.0 million in 1999 in comparison with $150.4 million for the same period in 1998. Net sales by segments were:

(Dollars in Thousands)	Three Months Ended March 31		
	1999	1998	% Change
Net Sales:			
Surfactants	$131,749	$119,200	+11%
Polymers	27,762	26,041	+7%
Specialty Products	4,450	5,147	-14%
Total	$163,961	$150,388	+9%

Domestic operations, which accounted for about 78 percent of total surfactant revenues, reported net sales that were $6.6 million, or seven percent, greater than those of a year ago. A two percent increase in sales volume, driven by higher demand for the company's personal care products, contributed to the improvement. A shift in mix from the larger national customers to the broader-based commercial customers and distributors also favorably affected net sales. Foreign operations reported a $6.0 million, or 26 percent, increase in net sales. Sales volume rose 20 percent due to increases in Canada and Europe. The fourth quarter 1998 acquisition of Boehme Filatex Canada, Inc.'s anionic and cationic surfactant business led to Canada's improvement. Approximately 25 percent of the foreign operations' volume gain resulted from the consolidation of Stepan Colombia, which did not occur until the second quarter of 1998. There was no significant exchange rate fluctuation impact on net sales.

Surfactants gross profit rose three percent from $21.1 million in the first quarter of 1998 to $21.7 million in 1999. Domestic surfactants were the main contributing factor to the improvement. Better margins, due primarily to sales mix, and higher sales volumes led to the domestic increase. Despite increased sales volumes, gross profit for foreign surfactants operations fell $0.2 million, or six percent.

Polymers net sales increased $1.7 million, or seven percent, to $27.8 million in 1999 from $26.0 million a year ago. Sales volume rose 13 percent and accounted for the improvement. Polyurethane polyols' 16 percent sales volume growth led to a $1.2 million, or 10 percent, increase in revenue. Foreign and export operations sales of polyurethane polyols, driven by higher volumes, also increased $1.1 million from year to year. Polyurethane systems' net sales increased $1.2 million, or 33 percent, due to a 37 percent rise in sales volumes. Despite a two percent volume increase, phthalic anhydride (PA) net sales fell $1.8 million, or 18 percent, between years. Lower average selling prices led to the decline. The drop in the average selling prices was primarily due to decreased raw materials costs coupled with price reductions reflecting oversupply of PA in the marketplace.

Polymers gross profit increased 24 percent to $6.3 million in the first quarter of 1999 from $5.1 million in the first quarter of 1998. Polyurethane polyols recorded the largest increase of 47 percent from $3.1 million a year ago to $4.5 million in 1999. This improvement was based on higher sales volumes and margins. Polyurethane systems reported a 16 percent increase in gross profit based entirely on increased volumes. The improvement in volumes was somewhat dampened by a decline in margins due to sales mix. Gross profit for PA fell 33 percent to $1.1 million in 1999 from $1.6 million in 1998. The reason for the decrease was a decline in margins which more than offset the impact of higher sales volumes. Reducing prices in response to an oversupply of PA in the marketplace caused the drop in margin.

Specialty products recorded a 14 percent decrease in net sales from $5.1 million in 1998 to $4.5 million in 1999. Gross profit declined 46 percent from $1.6 million in 1998 to $0.9 million in 1999. Sales of higher margin products were particularly weak during the first quarter of 1999.

Operating expenses rose approximately two percent from $16.4 million in 1998 to $16.7 million in the first quarter of 1999. Administrative and research and development expenses were up seven and four percent, respectively. Marketing expenses fell five percent. Overall, operating expenses were 10 percent of net sales for the first quarter of 1999 compared to 11 percent of net sales for the first quarter of 1998.

Interest expense grew by 11 percent due to higher average debt levels.

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 quarter of 1999, company expenditures for capital projects related to the environment were $1.5 million and should approximate $3.5 million to $5.0 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 $1.8 million for the first three months of 1999. While difficult to project, it is not anticipated that these recurring expenses will increase significantly in the future.

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 March 31, 1999. At March 31, 1999, the company's reserve was

$17.4 million for legal and environmental matters compared to $17.6 million at December 31, 1998. During the first three months of 1999, expenditures related to legal and environmental matters approximated $0.4 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 80 percent of "IT" systems is fully complete and the remainder of the systems is in the process of remediation and testing. It is expected that 95 percent of the "IT" systems will be compliant with Year 2000 requirement in June 1999 and 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 40 percent of these systems are complete and implementation of critical and important items scheduled to be complete by June 1999. 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 second quarter of 1999. Contingency plans will be developed if responses indicate the probability of non-compliance with Year 2000 requirements.

Costs for the Year 2000 project are currently estimated to be $2.9 million with $1.8 million expended to date. Of the total estimated cost, $1.9 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

With regard to the Company's site at Maywood, New Jersey, and the report to Congress issued by the United States Army Corps of Engineers in which report it was indicated that the United States Army Corps of Engineers may seek contribution recovery from certain parties, the United States Army Corps of Engineers has requested legal advice from the Department of Justice as to the interpretation of the Memorandum of Understanding which the Company entered into with the United States of America, represented by the Department of Energy, in 1985, wherein the Department of Energy undertook the responsibility for radiological clean-up, not only at the Company's site but at two adjacent sites as well. There has been no report issued by the Department of Justice as of this date.

As reported previously, the Company has been sued in Gilberg et al. v. Stepan et al. and Accurso et al. v. Stepan et al. Civil Action 98-139 (Middlesex County, New Jersey), now collectively known as Accurso et al. v. Stepan et al. This suit alleges a variety of alleged injuries from attention deficit disorder to cancer, allegedly caused by or from exposure to radiological compounds and other chemical compounds. The Company has been involved in mediation activities in an attempt to resolve this issue but as of this date, has not been successful. While such mediation efforts continue, the Court has ordered that 30 representative plaintiffs (Bell Weather plaintiffs mutually agreed to by both defendants and plaintiffs) be chosen and that trial be conducted with regard to each or all of the 30 representative plaintiffs. This process is underway. If the mediation process does not resolve the case, trial with respect to such Bell Weather plaintiffs has been scheduled to take place in mid-October of 1999. Because of the fluidity of the situation and the fact that plaintiffs have dropped cases as well as added cases, the Company's best estimate of the number of plaintiffs in this action is now 548. In addition to which, 75 of 85 wrongful death actions and all but one potential claim by a worker against the Company for negligence have been dismissed. The Company, at this date, still cannot estimate what its liability, if any, will be.

As previously reported, the Company has been named as a third-party defendant in an action entitled Olin Corporation v. Fissons plc et al. Civil Action No. 93-11166-MLW, Federal District Court, Boston, Massachusetts. As of this date, the Company has been dismissed from this case but the Court has given the defendants leave to file a Motion for Reconsideration of the dismissal of the Company from this case. Leave was given to the third-party defendants more than eight weeks ago. To date, no Motion for Reconsideration has been filed.

Item 4 - Submission of Matters to a Vote of Security Holders

(A) The company's 1999 Annual Meeting of Stockholders was held on May 11, 1999.

(B) At the annual meeting of the company's shareholders on May 11, 1999, shareholders elected Thomas F. Grojean, James A. Hartlage and F. Quinn Stepan, Jr. as Directors of the company, all for three-year terms. The vote in the election of Directors was as follows:

	For	Withheld
Thomas F. Grojean	9,046,692	104,073
James A. Hartlage	9,052,180	98,585
F. Quinn Stepan, Jr.	9,051,500	99,265

(C) A majority of the outstanding shares voted to amend the company's Fourth Article of its Certificate of Incorporation to increase the authorized number of shares of Common Stock from 15,000,000 to 30,000,000.

8,533,516	For
607,727	Against
9,522	Abstentions

(D) A majority of the outstanding shares voted to ratify the appointment of Arthur Andersen LLP as independent auditors for the company for 1999.

9,115,018	For
27,410	Against
8,337	Abstentions

Item 6 - Exhibits and Reports on Form 8-K

(A) Exhibits

(4)0(1) Copy of Certificate of Amendment, dated March 12, 1999, amending Revolving Credit and Term Loan Agreement dated January 9, 1998 (see 1998 Annual Report)

(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: May 14, 1999

AMENDMENT NO. 1 TO REVOLVING CREDIT AGREEMENT

This Amendment No. 1 (the "Amendment") is dated as of March 12, 1999, among Stepan Company (the "Company"), the undersigned Banks and The First National Bank of Chicago, as agent for the Banks (the "Agent").

W I T N E S S E T H :

WHEREAS, the Company, the Banks and the Agent are parties to that certain Credit Agreement dated as of January 9, 1998 (the "Agreement"); and

WHEREAS, the Company, the undersigned Banks and the Agent desire to amend the Agreement in certain respects more fully described hereinafter;

NOW, THEREFORE, in consideration of the premises herein contained, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. Defined Terms. Capitalized terms used herein and not otherwise defined herein shall have the meanings attributed to such terms in the Agreement.

2. Amendment to the Agreement. The Commitment of The First National Bank of Chicago and the Commitment of Harris Trust and Savings Bank are each hereby increased from $22,500,000 to $30,000,000.

3. Representations and Warranties. In order to induce the Agent and the undersigned Banks to enter into this Amendment, the Company represents and warrants that:

(a) The representations and warranties set forth in Article V of the Agreement, as hereby amended, are true, correct and complete on the date hereof as if made on and as of the date hereof, and there exists no Default or Unmatured Default on the date hereof.

(b) The execution and delivery by the Company of this Amendment have been duly authorized by proper corporate proceedings of the Company and this Amendment, and the Agreement, as amended by this Amendment, constitute the legal, valid and binding obligations of the Company enforceable against the Company in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally.

(c) Neither the execution and delivery by the Company of this Amendment, nor the consummation of the transactions herein contemplated, nor compliance with the provisions hereof will violate any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on the Company or any Restricted Subsidiary or the Company's or any Restricted Subsidiary's articles or certificate of incorporation, partnership agreement, certificate of partnership, articles or certificate of organization, by-laws, or operating or other management agreement, as the case may be, or the provisions of any indenture, instrument or agreement to which the Company or any Restricted Subsidiary is a party or is subject, or by which it or its property, is bound, or conflict with or constitute a default thereunder.

4. <u>Fees and Legal Expenses.</u>

(a) The Borrower agrees to pay an amendment fee of $15,000 to the Agent, for the ratable account of each Bank based upon such Bank's percentage of the Aggregate Commitment.

(b) The Borrower agrees to reimburse the Agent for reasonable legal fees and expenses incurred by attorneys for the Agent (who may be employees of the Agent) in connection with the preparation, negotiation and consummation of this Amendment and the transactions contemplated herein.

5. Conditions Precedent This Amendment shall not become effective until and unless the Borrower has furnished to the Agent (with sufficient copies for the Banks):

(i) New Notes in the form of Exhibit "A" to the Credit Agreement payable to the order of each of the Banks in the amount of their Commitment.

(ii) A certificate, executed by the Secretary or Assistant Secretary of the Borrower, which shall confirm that the resolutions delivered to the Agent in connection with the execution of the Credit Agreement are true and correct and remain in full force and effect.

(iii) An incumbency certificate, executed by the Secretary or Assistant Secretary of the Borrower, which shall identify by name and title and bear the signature of the officers of the Borrower authorized to sign this Amendment.

(iv) An opinion of counsel to the Borrower substantially in the form of Exhibit "B" to the Credit Agreement.

6. Ratification. The Agreement, as amended hereby, shall remain in full force and effect and is hereby ratified, approved and confirmed in all respects.

7. Reference to Agreement. From and after the effective date, each reference in the Agreement to "this Agreement", "hereof", or "hereunder" or words of like import, and all references to the Agreement in any and all agreements, instruments, documents, notes, certificates and other writings of every kind and nature shall be deemed to mean the Agreement, as amended by this Amendment.

8. CHOICE OF LAW. THIS AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE STATE OF ILLINOIS, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS.

9. Miscellaneous.

(a) This Amendment may be executed in counterparts and by the different parties hereto on separate counterparts each of which, when so executed and delivered, shall be deemed an original, and all of which taken together shall constitute one and the same agreement.

(b) This Amendment shall be effective as of the date first above written; provided, that, (i) all of the conditions precedent set forth in Section 5 have been satisfied, (ii) the Agent has received the fee referred to in Section 4(a) of this Amendment and (iii) the Agent has received executed counterparts of this Amendment from the Borrower, the Agent and the Banks.

IN WITNESS WHEREOF, the Company, the undersigned Banks and the Agent have executed this Amendment as of the date first above written.

STEPAN COMPANY

By:_________________
Title:______________

THE FIRST NATIONAL BANK OF CHICAGO,
individually as a Bank and as Agent

By__________________
Title_______________

HARRIS TRUST AND SAVINGS BANK

By__________________
Title_______________

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM CONDENSED CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 1999 AND CONSOLIDATED STATEMENT OF INCOME FOR THE THREE MONTHS THEN ENDED AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

3-MOS
DEC-31-1999
JAN-01-1999
MAR-31-1999
3,783
0
93,941
0
47,245
159,071
574,413
361,842
410,271
93,023
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0
19,597
10,048
120,224
410,271
163,961
163,961
135,042
151,736
0
0
2,110
10,148
4,006
0
0
0
0
6,142
0.61
0.57