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

Form 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): 02/17/2015

STEPAN COMPANY

(Exact name of registrant as specified in its charter)

Commission File Number: 1-4462

Delaware
(State or other jurisdiction of
incorporation)

36-1823834
(IRS Employer
Identification No.)

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

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

(Former name or former address, if changed since last report)

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

On February 17, 2015, the Compensation and Development Committee (the “Committee”) of the Board of Directors of Stepan Company (the “Company”) approved the terms and conditions for stock appreciation rights (“SARs”) and performance shares to be subsequently issued under the Stepan Company 2011 Incentive Compensation Plan (the “Revised Terms”).

SARs granted with the Revised Terms will be settled only in Stepan Company common stock, as compared to prior grants of SARs, which are settled only in cash. Any SARs awarded pursuant to the Plan will be evidenced by an agreement in the form attached as Exhibit 10.1 hereto and incorporated herein by reference.

Participants awarded performance shares, as amended by the Committee, will be granted a target number of performance shares that can be earned based on the achievement of Corporate Net Income and Corporate Return on Invested Capital (“ROIC”) performance goals. The Corporate Net Income performance goal will apply to the one-year period that includes the date of the grant and the ROIC performance goal will apply to the three-year period that includes the date of the grant. The number of performance shares actually earned will be primarily based on the level of achievement of the one-year Corporate Net Income performance goal, which will be determined following the end of the one-year performance period. The number of performance shares so earned based on the achievement of the one-year Corporate Net Income performance goal will be subject to increase or decrease within a prescribed range depending on the level of achievement of the three-year ROIC performance goal. Prior to this amendment, performance shares were earned based on the achievement of the Corporate Net Income and ROIC performance goals in the third year of a three-year performance period. Any performance shares awarded pursuant to the Plan will be evidenced by an agreement in the form attached as Exhibit 10.2 hereto and incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit Number: 10.1

Description: Form of Stock Appreciation Rights Agreement under Stepan Company 2011 Incentive Compensation Plan

Exhibit Number: 10.2

Description: Form of Performance Grant Agreement under Stepan Company 2011 Incentive Compensation Plan

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 hereunto duly authorized.

STEPAN COMPANY

Date: February 23, 2015

By: /s/ Kathleen Sherlock
Kathleen Sherlock
Assistant Secretary

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
EX-10.1	Form of Stock Appreciation Rights Agreement under Stepan Company 2011 Incentive Compensation Plan
EX-10.2	Form of Performance Grant Agreement under Stepan Company 2011 Incentive Compensation Plan

**STEPAN COMPANY
2011 INCENTIVE COMPENSATION PLAN**

STOCK APPRECIATION RIGHTS AGREEMENT

THIS AGREEMENT (this "Agreement"), dated as of the _____ day of _____, 20____, is entered into by and between Stepan Company, a Delaware corporation (the "Company"), and _____ (the "Participant").

W I T N E S S E T H T H A T:

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

1. Subject to the terms and conditions set forth in this Agreement and in accordance with the provisions of the Stepan Company 2011 Incentive Compensation Plan (the "Plan"), the Company hereby grants to the Participant as of the date first written above _____ free-standing Stock Appreciation Rights (the "SARs"). The base price ("Base Price") of each SAR subject to this Agreement shall be \$_____, the Fair Market Value of a share of Stock on the date of the grant. Upon exercise of the SARs in whole or in part, the Company will transfer to the Participant the number of shares of common stock of the Company ("Stock") in an amount equal in value to the excess of the Fair Market Value on the date of exercise of one share of Stock over the Base Price multiplied by the number of SARs exercised, less any applicable federal, state, local or foreign withholding taxes. For the avoidance of doubt, in no event shall the Participant be entitled to receive payment for the SARs in any form other than shares of Stock, and under no circumstance shall the Participant be entitled to receive a cash payment or any other security under this Agreement.

2. The right to exercise these SARs shall be subject to the terms and conditions of the Plan and this Agreement. These SARs shall not be exercisable until the Participant completes two (2) continuous years of employment with the Company following the date first written above, and shall expire at the earliest of ten (10) years after the date first written above; the date established by the Compensation and Development Committee of the Board of Directors (the "Committee") at the time of the grant; or the date on which the Participant's employment with the Company, including its subsidiaries, is terminated for any reason other than by reason of the Participant becoming Disabled or the Participant's death or retirement under the provisions of any qualified retirement plan that may be maintained by the Company or a subsidiary. If a Participant's employment is terminated for gross misconduct, as determined by the Company, all rights under the Plan, including the right to exercise these SARs, will expire upon the date of such termination.

3. These SARs may be exercised in whole or in part by filing a written or electronic notice with the Secretary of the Company at its corporate headquarters or with such other

administrator prior to the date the SARs expire. An exercise may be disallowed if, as determined by the Secretary of the Company, it is not made in compliance with any applicable provisions of the Company's Insider Trading Policy as in effect from time to time. Such notice shall specify the number of SARs with respect to which the Participant elects to exercise such right and the date of exercise.

4. In the event of a corporate transaction involving the Company (including, without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination or exchange of shares), the provisions of Section 1.5 of the Plan shall apply.

5. Notwithstanding anything in this Agreement to the contrary, this Agreement may be amended at any time and from time to time by the Company without the consent or written agreement of the Participant to the extent necessary to comply with any recapture or "clawback" policy of the Company adopted by the Company's Board of Directors to comply with Section 10D of the Securities Exchange Act of 1934 and any applicable rules or regulations promulgated by the Securities and Exchange Commission or any national securities exchange or national securities association on which the Company's Common Stock may be traded, as determined by the Company's Board of Directors.

6. Except as otherwise provided by the Committee, these SARs are not assignable or transferable by the Participant otherwise than by will or the laws of descent and distribution or, to the extent not inconsistent with applicable provisions of the Internal Revenue Code (the "Code"), pursuant to a qualified domestic relations order, as such term is defined in the Code. The SARs may be exercised during the lifetime of the Participant only by the Participant or an appropriate legal representative and only as provided herein. If these SARs are exercised by the person or persons to whom the rights of the Participant under these SARs shall pass by will or the laws of descent and distribution, these SARs may be exercised only in respect of the number of rights which the Participant could have acquired under the SARs by the exercise thereof at the date of death.

7. To the extent applicable, it is intended that this Agreement and the Plan comply with the provisions of Section 409A of the Code, so that the income inclusion provisions of Section 409A(a)(1) of the Code do not apply to the Participant. This Agreement and the Plan shall be administered in a manner consistent with this intent. Reference to Section 409A of the Code is to Section 409A of the Code, as amended, and will also include any regulations or any other formal guidance promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service.

8. This Agreement is subject to the terms and conditions of the Plan. In the event of any inconsistency between the provisions of this Agreement and the Plan, the Plan shall govern. All terms used herein with initial capital letters and not otherwise defined herein that are defined in the Plan shall have the meanings assigned to them in the Plan. If any provision of this Agreement or the application of any provision hereof to any person or circumstances is held invalid, unenforceable or otherwise illegal, the remainder of this Agreement and the application of such provision to any other person or circumstances shall not be affected, and the provisions

so held to be invalid, unenforceable or otherwise illegal shall be reformed to the extent (and only to the extent) necessary to make it enforceable, valid and legal.

9. This Agreement does not constitute a contract of employment or continued service, and participation in the Plan will not give any employee or Participant the right to be retained in the employ of the Company, including its subsidiaries, or any right or claim to any benefit under the Plan unless such right or claim has specifically accrued under the terms of the Plan prior to the issuance of any Stock to the Participant pursuant to the exercise of any SAR thereof.

STEPAN COMPANY

By:

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

Participant

STEPAN COMPANY
2011 INCENTIVE COMPENSATION PLAN
PERFORMANCE GRANT AGREEMENT

THIS AGREEMENT (this "Agreement"), dated as of the _____ day of _____, 20____, is entered into by and between Stepan Company, a Delaware corporation (the "Company"), and _____ (the "Participant").

WITNESSETH THAT:

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

1. Subject to the terms, conditions and restrictions set forth in this Agreement and in accordance with the provisions of the Stepan Company 2011 Incentive Compensation Plan (the "Plan"), the Company hereby grants to the Participant as of the date first written above _____ performance shares (the "Performance Shares"). Each Performance Share represents one hypothetical share of Common Stock of the Company ("Common Stock") and is equal to the value of one share of Common Stock. The Performance Shares awarded to the Participant shall be subject to the performance conditions set forth in Section 2 and the restrictions on transferability and forfeiture set forth in Section 3.

2. The Performance Shares shall be subject to the performance conditions as set forth in paragraphs (a), (b) and (c) below (the "Performance Conditions").

(a) The Performance Shares are contingently awarded subject to the condition that the number of Performance Shares, if any, earned by the Participant is dependent on if, and to the extent, that the Threshold, Target or Maximum performance level of the one-year performance goal is achieved for the One-Year Performance Period and that the three-year performance goal is achieved for the Three-Year Performance Period, each as determined by the Compensation and Development Committee of the Board of Directors (the "Committee") in its sole discretion. Accordingly, the number of Performance Shares awarded hereby shall be adjusted based upon the achievement of a specified level of the Company's Net Income ("CNI") and Return on Invested Capital ("ROIC") for the One-Year and Three-Year Performance Periods, respectively, as determined by the Committee, as heretofore set forth by the Committee in writing, which document is incorporated herein by reference. The "One-Year Performance Period" for purposes of this Agreement is the period beginning on _____ and ending on _____, and the "Three-Year Performance Period" for purposes of this Agreement is the period beginning on _____ and ending on _____.

(b) Except as otherwise provided in this Agreement, the number of Performance Shares that the Participant shall earn at the end of the Three-Year Performance Period (unless

forfeited pursuant to Section 3) shall equal the number of Performance Shares awarded in accordance with Section 1 hereof, multiplied first by the applicable CNI percentage ("Applicable CNI Percentage"), which corresponds to the Company's achieved specified CNI for the One-Year Performance Period, and which is set by the Committee. For levels of actual performance between the Threshold, Target and Maximum levels of performance achieved, as set by the Committee, the Applicable CNI Percentage will be calculated by prorating between the values assigned to the specified performance levels (the final calculation referred to as the "CNI Calculation"). The CNI Calculation shall then be multiplied by the applicable ROIC percentage ("Applicable ROIC Percentage"), as set by the Committee, which corresponds to the Company's achieved specified cumulative ROIC percentage for the Three-Year Performance Period. The Applicable ROIC Percentage will be calculated by prorating between the percentages assigned to the achieved specified cumulative ROIC percentages. The final calculation shall be referred to as the "Applicable Percentage."

(c) Any Performance Shares awarded hereby that the Participant does not earn at the end of the Three-Year Performance Period pursuant to this Section 2 and as determined by the Committee, shall be deemed forfeited, and the Company shall be authorized to cancel such Performance Shares at the end of the Three-Year Performance Period. The provisions of this Section 2 shall not affect in any way forfeitures under Section 3.

3. The Performance Shares shall be subject to the restrictions on transferability and risk of forfeiture set forth in paragraphs (a) and (b) below (the "Risks of Forfeiture") until such Risks of Forfeiture lapse in accordance with the terms of this Agreement. Upon a lapse of the Risks of Forfeiture, the Performance Shares to which the Risks of Forfeiture applied shall vest, and if and to the extent earned, shall become distributable to the Participant following the end of the Three-Year Performance Period as provided in Section 5.

(a) The Performance Shares awarded to the Participant and the Participant's interest therein may not be sold, assigned, transferred, pledged, hypothecated, or otherwise encumbered other than by will or the laws of descent and distribution and shall be subject to a Risk of Forfeiture during the period beginning on the date first written above and ending on _____ (the "Restricted Period"). No such sale, assignment, transfer, pledge, hypothecation or encumbrance, whether made or created by voluntary act of the Participant or of any agent of the Participant or by operation of law, shall be recognized by, or be binding upon or shall in any manner affect the rights of, the Company.

(b) Except as otherwise provided in this Agreement, if the employment of the Participant to the Company or its subsidiaries shall be terminated during the Restricted Period for any reason, the Participant shall immediately forfeit to the Company all Performance Shares, without any consideration paid to the Participant, and, thereafter, the Participant shall have no further rights with respect to such Performance Shares.

4. The lapse of Risks of Forfeiture shall be as set forth in paragraphs (a) and (b) below.

(a) Except as otherwise provided in this Agreement, the Risks of Forfeiture will lapse and the Participant's rights will vest with respect to the Performance Shares (as adjusted in accordance with Section 2) on the first day following the end of the Restricted Period, provided the Participant shall have been continuously employed by the Company or a subsidiary thereof from the date first written above through the date of such lapse.

(b) Notwithstanding any other provision of this Agreement, if the Participant's employment with the Company or its subsidiaries terminates at least twelve months after the date first written above but before the end of the Restricted Period by reason of the Participant's (i) death, (ii) becoming Disabled, or (iii) retirement under the provisions of any qualified retirement plan maintained by the Company or a subsidiary, then the Risks of Forfeiture will lapse and the Participant's right to Performance Shares (as adjusted pursuant to Section 2 and this Section 4(b)) shall immediately vest. The number of Performance Shares earned to which the Participant may become entitled pursuant to this Section 4(b), shall equal the number of Performance Shares granted hereunder, as adjusted pursuant to Section 2, multiplied by a fraction, the numerator of which is the number of days in the Restricted Period during which the Participant was employed by the Company or its subsidiaries and the denominator of which is the total number of days in the Restricted Period, rounded up or down to the nearest whole number of shares.

5. As soon as practicable after the expiration of the Three-Year Performance Period but in no event later than the 15th day of the third month following the end of the Three-Year Performance Period, the Committee shall certify in writing the extent, if any, to which the performance goals have been met and the number of Performance Shares payable, and the Company will issue to the Participant, except to the extent the Participant has elected to defer payment pursuant to the terms of any applicable plan or program of the Company or subsidiary permitting such deferral, the number of shares of Stock equal in number to the Performance Shares earned under Section 2, or, if applicable, Section 4 (less any shares withheld pursuant to Section 5.1 of the Plan) and with respect to which the Risks of Forfeiture have lapsed.

6. In the event of a corporate transaction involving the Company (including, without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination or exchange of shares), the provisions of Section 1.5 of the Plan shall apply.

7. Notwithstanding anything in this Agreement to the contrary, this Agreement may be amended at any time and from time to time by the Company without the consent or written agreement of the Participant to the extent necessary to comply with any recapture or "clawback" policy of the Company adopted by the Company's Board of Directors to comply with Section 10D of the Securities Exchange Act of 1934 and any applicable rules or regulations promulgated by the Securities and Exchange Commission or any national securities exchange or national securities association on which the Company's Common Stock may be traded, as determined by the Company's Board of Directors.

8. Any Performance Shares awarded hereby are subject to withholding of all applicable taxes, which withholding obligation shall be satisfied by the payment of cash or check payable to the Company, or surrender of shares of Common Stock which the Participant already

owns or the withholding of shares of Common Stock to which a Participant is otherwise entitled under this Agreement, with such surrender of shares or withholding of shares subject to the consent of the Committee.

9. Unless a Participant elects to defer the receipt of payment of Performance Shares herein, to the extent applicable, it is intended that this Agreement and the Plan comply with the provisions of Section 409A of the Code, so that the income inclusion provisions of Section 409A(a)(1) of the Code do not apply to the Participant. This Agreement and the Plan shall be administered in a manner consistent with this intent. Reference to Section 409A of the Code is to Section 409A of the Code, as amended, and will also include any regulations or any other formal guidance promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service.

10. This Agreement is subject to the terms and conditions of the Plan. In the event of any inconsistency between the provisions of this Agreement and the Plan, the Plan shall govern. All terms used herein with initial capital letters and not otherwise defined herein that are defined in the Plan shall have the meanings assigned to them in the Plan. If any provision of this Agreement or the application of any provision hereof to any person or circumstances is held invalid, unenforceable or otherwise illegal, the remainder of this Agreement and the application of such provision to any other person or circumstances shall not be affected, and the provisions so held to be invalid, unenforceable or otherwise illegal shall be reformed to the extent (and only to the extent) necessary to make it enforceable, valid and legal.

11. This Agreement does not constitute a contract of employment or continued service, and participation in the Plan will not give any employee or Participant the right to be retained in the employ of the Company, including its subsidiaries, or any right or claim to any benefit under the Plan unless such right or claim has specifically accrued under the terms of the Plan prior to the issuance of Common Stock pursuant to the payment thereof.

STEPAN COMPANY

By:

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

Participant