

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

| OMB APPROVAL | |
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

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|--|---|--|
| 1. Name and Address of Reporting Person* <u>PACHOLEC FRANK</u> (Last) (First) (Middle) <u>22 W. FRONTAGE ROAD</u> (Street) <u>NORTHFIELD IL 60093</u> (City) (State) (Zip) | 2. Issuer Name and Ticker or Trading Symbol <u>STEPAN CO [SCL]</u> | 5. Relationship of Reporting Person(s) to Issuer (Check all applicable) Director 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) <u>Vice President, Strategy</u> |
| | 3. Date of Earliest Transaction (Month/Day/Year) <u>02/21/2018</u> | |
| | | 6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> Form filed by More than One Reporting Person |

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | | 4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5) | | | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|------------|---------|---|--|---|
| | | | Code | V | Amount | (A) or (D) | Price | | | |
| Common Stock | 02/21/2018 | | M | | 3,436 | A | (1) | 52,125.31 | D | |
| Common Stock | 02/21/2018 | | A | | 109,718 | A | \$73.07 | 2,169.255 | I | By Esop II Trust |

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | | 6. Date Exercisable and Expiration Date (Month/Day/Year) | | 7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4) | 8. Price of Derivative Security (Instr. 5) | 9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4) | 10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 11. Nature of Indirect Beneficial Ownership (Instr. 4) | |
|--|--|--------------------------------------|--|--------------------------------|---|--|-------|--|-----------------|---|--|--|---|--|-------|
| | | | | Code | V | (A) | (D) | Date Exercisable | Expiration Date | | | | | | Title |
| Stock Option (Right to Buy) | \$72.99 | 02/21/2018 | | A | | 1,551 | | 12/31/2018 ⁽²⁾ | 02/20/2028 | Common Stock | 1,551 | \$0 | 1,551 | D | |
| Stock Appreciation Right | \$72.99 | 02/21/2018 | | A | | 4,653 | | 12/31/2018 ⁽²⁾ | 02/20/2028 | Common Stock | 4,653 | \$0 | 4,653 | D | |
| Performance Shares | (3) | 02/21/2018 | | A | | 1,233 | | (3) | (3) | Common Stock | 1,233 | \$0 | 1,233 | D | |
| Performance Shares | (1) | 02/21/2018 | | M | | | 1,944 | (1) | (1) | Common Stock | 1,944 | \$0 | 0 | D | |

Explanation of Responses:

- The performance shares vested upon Stepan Company achieving certain financial targets by December 31, 2017.
- Vests ratably over three years beginning on the date shown.
- Each performance share represents a contingent right to receive 1 share of Stepan Company Stock. The performance shares vest upon Stepan Company achieving certain financial targets by December 31, 2020.

/s/ Matthew M. Rice, attorney-in-fact for Frank Pacholec 02/23/2018

** Signature of Reporting Person Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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