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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): 02/19/2013**

**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 2.02. Results of Operations and Financial Condition**

On February 19, 2013, Stepan Company ("Stepan") issued a press release providing its financial results for the fourth quarter and full year ended December 31, 2012. A copy of the press release is attached as Exhibit 99.1 hereto and incorporated herein by reference.

**Item 9.01. Financial Statements and Exhibits**

- (d) Exhibits
    - Exhibit Number: 99.1
    - Description: Press Release of Stepan Company dated February 19, 2013
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**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 19, 2013

By: /s/ Kathleen Sherlock

\_\_\_\_\_  
Kathleen Sherlock  
Assistant Secretary

## EXHIBIT INDEX

<b>Exhibit No.</b>	<b>Description</b>
EX-99.1	Press Release of Stepan Company dated February 19, 2013

FOR RELEASE: IMMEDIATELY

CONTACT:

JAMES E. HURLBUTT  
847-446-7500**STEPAN REPORTS FIFTH CONSECUTIVE YEAR OF RECORD EARNINGS FOURTH QUARTER NET INCOME UP  
17 PERCENT****FULL YEAR NET INCOME UP 10 PERCENT**

NORTHFIELD, Illinois, February 19, 2013 -- Stepan Company (NYSE: SCL) today reported its fifth consecutive record net income year generating a five year compound growth rate of 39 percent.

- Full year net income increased for a fifth consecutive record year to \$79.4 million, up 10 percent, or \$3.49 per diluted share, compared to \$72.0 million, or \$3.21 per diluted share, a year ago.
- Fourth quarter net income rose 17 percent to \$15.4 million, or \$0.68 per diluted share, compared to \$13.2 million, or \$0.59 per diluted share, a year ago.
- Excluding deferred compensation plan expense, full year net income was up 16 percent to \$84.8 million, or \$3.73 per diluted share compared to \$72.9 million, or \$3.25 per diluted share. Fourth quarter net income, excluding deferred compensation expense was up 17 percent to \$18.0 million, or \$0.79 per diluted share, compared to \$15.4 million, or \$0.68 per diluted share, a year ago. Deferred compensation expense is largely attributable to an increase in the share price of the Company's common stock, which rose by \$7.48 per share during the fourth quarter and \$15.46 per share for the full year.
- Sales volume grew by 2 percent. Net sales revenues declined by 2 percent due to lower selling prices (resulting from lower raw material costs) and foreign translation.

**SUMMARY**

	Three Months Ended December 31			Twelve Months Ended December 31		
	<u>2012</u>	<u>2011</u>	<u>% Change</u>	<u>2012</u>	<u>2011</u>	<u>% Change</u>
<i>(\$ in thousands)</i>						
Net Sales	\$ 427,259	\$ 444,170	- 4	\$ 1,803,737	\$ 1,843,092	- 2
Net Income	\$ 15,439	\$ 13,179	+ 17	\$ 79,396	\$ 71,976	+ 10
Net Income Excluding						
Deferred Compensation*	\$ 18,010	\$ 15,371	+ 17	\$ 84,834	\$ 72,900	+ 16
Earnings per Diluted Share	\$0.68	\$0.59	+ 15	\$3.49	\$3.21	+ 9
Earnings per Diluted Share						
Excluding Deferred						
Compensation	\$0.79	\$0.68	+ 16	\$3.73	\$3.25	+ 15

\* See Table II for a discussion of deferred compensation plan accounting.

**FOURTH QUARTER AND FULL YEAR RESULTS**

	Three Months Ended December 31			Twelve Months Ended December 31		
	<u>2012</u>	<u>2011</u>	<u>% Change</u>	<u>2012</u>	<u>2011</u>	<u>% Change</u>
<i>(\$ in thousands)</i>						
Net Sales						
Surfactants	\$310,454	\$331,430	- 6	\$1,305,800	\$1,361,956	- 4
Polymers	103,116	94,201	+ 9	423,959	421,515	+ 1
Specialty Products	<u>13,689</u>	<u>18,539</u>	- 26	73,978	59,621	+ 24
Total Net Sales	<u>\$427,259</u>	<u>\$444,170</u>	- 4	<u>\$1,803,737</u>	<u>\$1,843,092</u>	- 2

The decrease in sales was due to lower selling prices and foreign translation, partially offset by higher volume.

**Percentage Change in Net Sales**

Three Months Ended	Twelve Months Ended
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	<u>December 31, 2012</u>		<u>December 31, 2011</u>	
Volume	+	3	+	2
Selling Price	-	6	-	2
Foreign Translation	-	<u>1</u>	-	<u>2</u>
Total	-	<u>4</u>	-	<u>2</u>

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- Surfactant net sales declined 6 percent for the quarter and 4 percent for the year due to lower selling prices, which reflect lower raw material costs. Surfactant sales volume rose 1 percent for the quarter and 2 percent for the full year.  
Higher value added surfactants used in agricultural products and household and industrial cleaning products posted higher sales volumes, whereas commodity surfactants used in North American consumer cleaning declined slightly as a result of lower usage levels, competition and the weak economy. Sales volumes in Latin America were up on gains in Brazil and Colombia.
- Polymer net sales rose 9 percent for the quarter and 1 percent for the full year. Volume rose 10 percent for the quarter and 3 percent for the full year. The volume growth was primarily from polyol used in rigid foam insulation. The full year 3 percent volume growth included gains from new applications in metal panels and adhesives.
- Specialty Products net sales rose 24 percent for the full year due to the Company's acquisition of the Lipid Nutrition business in June of 2011, despite lower fourth quarter volumes due to increased global competition.

Gross profit increased by 17 percent to \$70.1 million for the quarter and rose 14 percent to \$291.6 million for the year.

- Surfactant gross profit grew by 20 percent to \$51.6 million for the quarter. Full year gross profit grew by 14 percent to \$203.4 million. The gross profit improvement was largely attributable to improved product mix and margin recovery as raw material costs declined. Value added surfactants used in agricultural products and household and industrial cleaning products posted higher sales volume. Also contributing significantly to the improvement were higher profits from Latin America, particularly Brazil, due to improved volume and operational efficiencies.
- Polymer gross profit grew by 31 percent to \$16.6 million for the quarter on a 10 percent increase in volume. The profit improvement came from both phthalic anhydride (PA) and polyol products. Polyol profit growth was attributable to 12 percent quarterly volume growth, primarily from polyol used in energy saving rigid foam roof insulation. Full year polymer gross profit rose 17 percent to \$71.9 million. The gross profit improvement benefited from a favorable sales mix of higher value added polyol and polyurethane systems. Polyol volume rose 5 percent for the year. A large polyurethane systems order for an aircraft carrier and a business interruption insurance recovery related to a 2011 fire in our German polyol plant positively impacted the year.
- Full year Specialty Products gross profit rose 7 percent to \$20.3 million due to the contribution of the Lipid Nutrition product line acquired in June of 2011.  
Fourth quarter Specialty Products gross profit declined to \$2.9 million due to a 26 percent drop in volume among both food ingredients and nutritional supplements.

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## OPERATING EXPENSES

	<b>Three Months Ended</b>			<b>Twelve Months Ended</b>		
	<b>December 31</b>			<b>December 31</b>		
<b>(\$ in thousands)</b>	<b>2012</b>	<b>2011</b>	<b>% Change</b>	<b>2012</b>	<b>2011</b>	<b>% Change</b>
Selling	\$14,381	\$11,921	+ 21	\$53,145	\$45,807	+ 16
Administrative – General	14,562	13,263	+ 10	53,728	49,237	+ 9
Administrative – Deferred Compensation Plan Expense *	3,990	4,240	- 6	10,251	1,529	NM
Research, development and technical service	12,583	<u>9,554</u>	+ 32	<u>45,713</u>	<u>40,524</u>	+ 13
Total	<u>\$45,516</u>	<u>\$38,978</u>	+ 17	<u>\$162,837</u>	<u>\$137,097</u>	+ 19

\* See Table II for a discussion of deferred compensation plan accounting.

Increased headcount to support growth initiatives contributed to the full year increase in all categories. Also contributing to the higher expense in all categories was the effect of higher performance based compensation expense due to the strong operating results for the Company. The higher fourth quarter research expenses include higher product registration costs in Europe.

## **BALANCE SHEET**

The Company's net debt level declined by \$3.0 million for the quarter and \$9.9 million for the year:

	<u>12/31/12</u>	<u>9/30/12</u>	<u>6/30/12</u>	<u>3/31/12</u>	<u>12/31/11</u>
Net Debt					
Total Debt	\$182.4	\$188.2	\$195.3	\$201.0	\$199.5
Cash	<u>76.9</u>	<u>79.7</u>	<u>69.5</u>	<u>64.6</u>	<u>84.1</u>
Net Debt	\$105.5	\$108.5	\$125.8	\$136.4	\$115.4
Equity	<u>480.9</u>	<u>467.8</u>	<u>443.2</u>	<u>434.7</u>	<u>405.5</u>
Net Debt + Equity	<u>\$586.4</u>	<u>\$576.3</u>	<u>\$569.0</u>	<u>\$571.1</u>	<u>\$520.9</u>
Ratio of Net Debt to Net Debt + Equity	<u>18.0%</u>	<u>18.8%</u>	<u>22.1%</u>	<u>23.9%</u>	<u>22.2%</u>

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The Company's stockholders' equity has grown over the last three years to \$479 million from \$289 million. The health of the Company's balance sheet remains strong and will allow us to continue investment in growth opportunities.

The fourth quarter decrease in net debt was attributable to lower seasonal working capital requirements. The full year decrease in net debt was due to the deflationary impact of lower commodity raw material costs on receivables, partially offset by higher quantities of inventory on hand for our Singapore plant start-up. Capital expenditures for the quarter and year-to-date periods were \$22.3 million and \$83.2 million, respectively.

## **OUTLOOK**

The investments made over the last several years helped the Company deliver a 16% increase in full year net income, excluding deferred compensation. In 2013 we will continue to pursue geographic expansion and higher value opportunities within all three of our business segments. Our strategy and ability to execute provide us with the opportunity for continued earning growth in 2013.

Surfactants expects to continue to derive more of its profits from higher value added products in the agricultural, oilfield and household and industrial cleaning markets. Demand for crop protection chemicals is expected to remain strong in 2013. We are positioned for further profit growth in Brazil. Our Singapore plant is now operational and should contribute modestly to earnings in 2013 and more significantly beyond that as we diversify production at the site.

Polymers should experience continued growth from polyol used in energy saving rigid foam insulation. Recent demand growth has largely come from greater insulation levels for replacement roofing. A recovering economy would stimulate the commercial construction market and eventually restore that demand. Our polymers segment is expected to face higher costs to operate in China in 2013 and 2014 as the government is requiring that we relocate our plant to a new industrial zone. We plan to supply our Asian customers with product toll produced by another chemical plant in China or imported from other Stepan production sites. We anticipate the higher costs of operating in China will limit polymer earnings growth in 2013.

"In 2012 we achieved our fifth consecutive record income year and our forty-fifth consecutive annual dividend increase. Our balance sheet is strong and we intend to leverage that strength to make investments that will accelerate our growth and deliver value to our shareholders," said F. Quinn Stepan, Jr., President and Chief Executive Officer.

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## **CONFERENCE CALL**

Stepan Company will host a conference call to discuss the fourth quarter and year end results at 2 p.m. ET (1:00 p.m. CT) on February 20, 2013. Telephone access to the live conference call will be available by dialing +1 (800) 272-5460. To listen to a live webcast of this call, please go to our Internet website at: [www.stepan.com](http://www.stepan.com), click on investor relations, next click on conference calls and follow the directions on the screen.

## ABOUT STEPAN COMPANY

Stepan Company, headquartered in Northfield, Illinois, is a leading producer of specialty and intermediate chemicals used in household, industrial, personal care, agricultural, food and insulation related products. The common and the convertible preferred stocks are traded on the New York and Chicago Stock Exchanges under the symbols SCL and SCLPR.

For more information about Stepan Company, please visit the Company online at [www.stepan.com](http://www.stepan.com).

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table follows

*Except for historical information, all other information in this news release consists of forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those projected, anticipated or implied. The most significant of these uncertainties are described in Stepan Company's Form 10-K, Form 8-K and Form 10-Q reports and exhibits to those reports, and include (but are not limited to), prospects for our foreign operations, foreign currency fluctuations, certain global and regional economic conditions, the probability of future acquisitions and the uncertainties related to the integration of acquired businesses, the probability of new products, the loss of one or more key customer or supplier relationships, the costs and other effects of governmental regulation and legal and administrative proceedings, including the expenditures necessary to address and resolve environmental claims and proceedings, and general economic conditions. These forward-looking statements are made only as of the date hereof, and Stepan Company undertakes no obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.*

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**Table I**

**STEPAN COMPANY**  
**Statements of Income**  
**For the Three and Twelve Months Ended December 31, 2012 and 2011**  
**(Unaudited – 000's Omitted)**

	Three Months Ended December 31				Twelve Months Ended December 31			
	<u>2012</u>	<u>2011</u>		<u>% Change</u>	<u>2012</u>	<u>2011</u>		<u>% Change</u>
<b>Net Sales</b>	<b>\$427,259</b>	\$444,170	-	<b>4</b>	<b>\$1,803,737</b>	\$1,843,092	-	<b>2</b>
<b>Cost of Sales</b>	<b>357,139</b>	384,068	-	<b>7</b>	<b>1,512,184</b>	1,587,539	-	<b>5</b>
<b>Gross Profit</b>	<b>70,120</b>	60,102	+	<b>17</b>	<b>291,553</b>	255,553	+	<b>14</b>
<b>Operating Expenses:</b>								
Selling	<b>14,381</b>	11,921	+	<b>21</b>	<b>53,145</b>	45,807	+	<b>16</b>
Administrative	<b>18,552</b>	17,503	+	<b>6</b>	<b>63,979</b>	50,766	+	<b>26</b>
Research, Development and Technical Services	<b>12,583</b>	9,554	+	<b>32</b>	<b>45,713</b>	40,524	+	<b>13</b>
	<b>45,516</b>	38,978	+	<b>17</b>	<b>162,837</b>	137,097	+	<b>19</b>
<b>Operating Income</b>	<b>24,604</b>	21,124	+	<b>16</b>	<b>128,716</b>	118,456	+	<b>9</b>
<b>Other Income (Expense):</b>								
Interest, Net	<b>(2,225)</b>	(2,582)	-	<b>14</b>	<b>(9,599)</b>	(9,095)	+	<b>6</b>
Loss from Equity in Joint Ventures	<b>(907)</b>	(956)	-	<b>5</b>	<b>(4,724)</b>	(3,616)	+	<b>31</b>
Other, Net	<b>(223)</b>	612		<b>NM</b>	<b>1,329</b>	(851)		<b>NM</b>
	<b>(3,355)</b>	(2,926)	+	<b>15</b>	<b>(12,994)</b>	(13,562)	-	<b>4</b>
<b>Income Before Income Taxes</b>	<b>21,249</b>	18,198	+	<b>17</b>	<b>115,722</b>	104,894	+	<b>10</b>
<b>Provision for Income Taxes</b>	<b>5,756</b>	4,649	+	<b>24</b>	<b>36,035</b>	32,292	+	<b>12</b>

Net Income	15,493	13,549	+	14	79,687	72,602	+	10
Net Income Attributable to Noncontrolling Interests	(54)	(370)	-	85	(291)	(626)	-	54
Net Income Attributable to Stepan Company	<u>\$ 15,439</u>	<u>\$ 13,179</u>	+	17	<u>\$ 79,396</u>	<u>\$ 71,976</u>	+	10
Net Income Per Common Share Attributable to Stepan Company								
Basic	<u>\$0.71</u>	<u>\$0.63</u>	+	13	<u>\$3.71</u>	<u>\$3.44</u>	+	8
Diluted	<u>\$0.68</u>	<u>\$0.59</u>	+	15	<u>\$3.49</u>	<u>\$3.21</u>	+	9
Shares Used to Compute Net Income Per Common Share Attributable to Stepan Company								
Basic	<u>21,777</u>	<u>20,836</u>	+	5	<u>21,273</u>	<u>20,726</u>	+	3
Diluted	<u>22,804</u>	<u>22,572</u>	+	1	<u>22,730</u>	<u>22,440</u>	+	1

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**Table II**

**Deferred Compensation Plan**

The full effect of the deferred compensation plan on quarterly pretax income was \$4.1 million of expense versus expense of \$3.5 million last year. The accounting for the deferred compensation plan results in operating income when the price of Stepan Company common stock or mutual funds held in the plan fall and expense when they rise. The Company also recognizes the change in value of mutual funds as investment income or loss. The quarter end market prices of Stepan Company common stock are as follows:

	2012				2011			
	<u>12/31</u>	<u>9/30</u>	<u>6/30</u>	<u>3/31</u>	<u>12/31</u>	<u>9/30</u>	<u>6/30</u>	<u>3/31</u>
Stepan Company	\$55.54	\$48.06	\$47.09	\$43.90	\$40.08	\$33.59	\$35.45	\$36.25

The deferred compensation expense income statement impact is summarized below:

(\$ in thousands)	Three Months Ended December 31		Twelve Months Ended December 31	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Deferred Compensation				
Administrative (Expense)	\$ (3,990)	\$ (4,240)	\$ (10,251)	\$ (1,529)
Other, net – Mutual Fund Gain	(156)	705	1,480	38
Total Pretax	<u>\$ (4,146)</u>	<u>\$ (3,535)</u>	<u>\$ (8,771)</u>	<u>\$ (1,491)</u>
Total After Tax	<u>\$ (2,571)</u>	<u>\$ (2,192)</u>	<u>\$ (5,438)</u>	<u>\$ (923)</u>

**Reconciliation of non-GAAP net income:**

(\$ in thousands)	Three Months Ended December 31		Twelve Months Ended December 31	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Net income excluding deferred compensation	\$ 18,010	\$ 15,371	\$84,834	\$72,900
Deferred compensation plan (expense)	(2,571)	(2,192)	(5,438)	(923)
Net income as reported	<u>\$ 15,439</u>	<u>\$ 13,179</u>	<u>\$79,396</u>	<u>\$71,976</u>

**Reconciliation of non-GAAP EPS:**



	Three Months Ended December 31		Twelve Months Ended December 31	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Earnings per diluted share excluding deferred compensation	\$0.79	\$0.68	\$3.73	\$3.25
Deferred compensation plan (expense)	(0.11)	(0.09)	(0.24)	(0.04)
Earnings per diluted share	<u>\$0.68</u>	<u>\$0.59</u>	<u>\$3.49</u>	<u>\$3.21</u>

The Company believes that certain non-GAAP measures, when presented in conjunction with comparable GAAP (Generally Accepted Accounting Principles) measures, are useful because that information is an appropriate measure for evaluating the Company's operating performance. Internally, the Company uses this non-GAAP information as an indicator of business performance, and evaluates management's effectiveness with specific reference to these indicators. These measures should be considered in addition to, neither a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP.

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**Table III**

### Effects of Foreign Currency Translation

The Company's foreign subsidiaries transact business and report financial results in their respective local currencies. As a result, foreign subsidiary income statements are translated into U.S. dollars at average foreign exchange rates appropriate for the reporting period. Because foreign exchange rates fluctuate against the U.S. dollar over time, foreign currency translation affects period-to-period comparisons of financial statement items (i.e., because foreign exchange rates fluctuate, similar period-to-period local currency results for a foreign subsidiary may translate into different U.S. dollar results). Below is a table that presents the impact that foreign currency translation had on the changes in consolidated net sales and various income line items for the quarter and year ending December 31, 2012:

(\$ in millions)	Three Months		Increase (Decrease)	(Decrease) Due to Foreign Translation
	Ended December 31			
	<u>2012</u>	<u>2011</u>		
Net Sales	\$ 427.3	\$ 444.2	\$(16.9)	(2.1)
Gross Profit	70.1	60.1	10.0	(0.5)
Operating Income	24.6	21.1	3.5	(0.3)
Pretax Income	21.2	18.2	3.0	(0.3)

  

(\$ in millions)	Twelve Months		Increase (Decrease)	(Decrease) Due to Foreign Translation
	Ended December 31			
	<u>2012</u>	<u>2011</u>		
Net Sales	\$1,803.7	\$1,843.1	(\$39.4)	(39.6)
Gross Profit	291.6	255.6	36.0	(5.2)
Operating Income	128.7	118.5	10.2	(2.7)
Pretax Income	115.7	104.9	10.8	(2.6)

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**Table IV**

### Stepan Company Consolidated Balance Sheets December 31, 2012 and December 31, 2011

	<u>2012</u> <u>December 31</u>	<u>2011</u> <u>December 31</u>
<b>ASSETS</b>		
Current Assets	\$523,078	\$479,742
Property, Plant & Equipment, Net	422,022	383,983
Other Assets	40,378	37,393
Total Assets	<u>\$985,478</u>	<u>\$901,118</u>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

Current Liabilities	<b>\$247,167</b>	<b>\$233,226</b>
Deferred Income Taxes	<b>9,200</b>	<b>8,644</b>
Long-term Debt	<b>149,564</b>	<b>164,967</b>
Other Non-current Liabilities	<b>98,667</b>	<b>88,816</b>
Total Stepan Company Stockholders' Equity	<b><u>478,985</u></b>	<b><u>401,211</u></b>
Noncontrolling Interest	<b>1,895</b>	<b>4,254</b>
Total Liabilities and Stockholders' Equity	<b><u>\$985,478</u></b>	<b><u>\$901,118</u></b>