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, 1998

(   ) 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, 1998
Common Stock, $1 par value	9,867,000 Shares

Part I FINANCIAL INFORMATION

Item 1 - Financial Statements

STEPAN COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
June 30, 1998 and December 31, 1997
Unaudited

(Dollars in Thousands)	6/30/98	12/31/97
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 5,523	$ 5,507
Receivables, net	90,397	81,018
Inventories (Note 2)	46,302	48,999
Deferred income taxes	6,636	6,636
Other current assets	3,961	4,322
Total current assets	152,819	146,482
PROPERTY, PLANT AND EQUIPMENT:		
Cost	544,715	527,666
Less: accumulated depreciation	339,166	321,065
Property, plant and equipment, net	205,549	206,601
OTHER ASSETS	37,748	21,853
Total assets	$396,116	$ 374,936
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt	$ 7,130	$ 5,957
Accounts payable	44,787	42,894
Accrued liabilities	34,062	33,842
Total current liabilities	85,979	82,693
DEFERRED INCOME TAXES	34,599	32,258
LONG-TERM DEBT, less current maturities	108,060	94,898
OTHER NON-CURRENT LIABILITIES	21,628	27,489
STOCKHOLDERS' EQUITY:		
5-1/2% convertible preferred stock, cumulative, voting without par value; authorized 2,000,000 shares; issued 784,627 shares in 1998 and 788,434 shares in 1997	19,616	19,711
Common stock, $1 par value; authorized 15,000,000 shares; issued 10,391,897 shares in 1998 and 10,341,952 shares in 1997	10,392	10,342
Additional paid-in capital	9,295	8,091
Cumulative translation adjustments	(9,110)	(7,337)
Retained earnings (approximately $44,971 unrestricted in 1998 and $52,623 in 1997)	130,524	120,854
	160,717	151,661
Less: Treasury stock, at cost	14,867	14,063
Stockholders' equity	145,850	137,598
Total liabilities and stockholders' equity	$396,116	$ 374,936

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, 1998 and 1997
Unaudited

(In Thousands, except per share amounts)	Three Months Ended June 30		Six Months Ended June 30	
	1998	1997	1998	1997
NET SALES	$155,509	$153,650	$305,897	$293,320
Cost of Sales	125,855	126,366	248,414	241,991
Gross Profit	29,654	27,284	57,483	51,329
Operating Expenses:				
Marketing	5,591	5,140	11,544	10,006
Administrative	5,208	5,005	10,382	9,770
Research, Development and Technical Services	5,272	5,104	10,576	10,013
	16,071	15,249	32,502	29,789
Operating Income	13,583	12,035	24,981	21,540
Other Income (Expense):				
Interest, Net	(1,769)	(1,900)	(3,676)	(3,770)
Income from Equity Joint Ventures	45	326	92	230
	(1,724)	(1,574)	(3,584)	(3,540)
Income Before Income Taxes	11,859	10,461	21,397	18,000
Provision for Income Taxes	4,749	4,138	8,565	7,200
NET INCOME	$ 7,110	$ 6,323	$ 12,832	$ 10,800
Net Income Per Common Share (Note 3)				
Basic	$ 0.70	$ 0.62	$ 1.26	$ 1.04
Diluted	$ 0.64	$ 0.58	$ 1.16	$ 0.98
Dividends per Common Share	$ 0.1375	$ 0.1250	$ 0.2750	$ 0.2500
Average Common Shares Outstanding	9,854	9,834	9,850	9,837

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, 1998 and 1997
Unaudited

(Dollars In Thousands)	6/30/98	6/30/97
NET CASH FLOW FROM OPERATING ACTIVITIES		
Net income	$ 12,832	$ 10,800
Depreciation and amortization	18,673	17,806
Deferred revenue recognition	(2,163)	(1,448)
Customer prepayments	--	2,292
Deferred income taxes	2,412	1,010
Non-current environmental and legal liabilities	(1,797)	(1,248)
Other non-cash items	156	57
Changes in Working Capital:		
Receivables, net	(8,328)	(2,353)
Inventories	3,354	6,417
Accounts payable and accrued liabilities	(1,336)	(1,919)
Other	848	(234)
Net Cash Provided by Operating Activities	24,651	31,180
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures for property, plant and equipment	(15,603)	(21,494)
Investment in acquisitions	(19,695)	(5,250)
Other non-current assets	1,829	284
Net Cash Used for Investing Activities	(33,469)	(26,460)
CASH FLOWS FROM FINANCING AND OTHER RELATED ACTIVITIES		
Revolving debt and notes payable to banks, net	17,590	8,977
Other debt repayments	(4,957)	(8,514)
Purchase of treasury stock, net	(804)	(3,265)
Dividends paid	(3,162)	(2,998)
Other non-cash items	167	484
Net Cash Provided by (Used for) Financing and Other Related Activities	8,834	(5,316)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	16	(596)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	5,507	4,778
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 5,523	$ 4,182
CASH PAID DURING THE PERIOD FOR:		
Interest	$ 3,851	$ 4,202
Income taxes	$ 4,945	$ 7,917

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, 1998 and December 31, 1997
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, 1997. 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, 1998, 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)	6/30/98	12/31/97
Inventories valued primarily on LIFO basis -		
Finished products	$ 30,733	$ 31,110
Raw materials	15,569	17,889
Total inventories	$ 46,302	$ 48,999

If the first-in, first-out (FIFO) inventory valuation method had been used for all inventories, inventory balances would have been approximately $11,800,000 and $11,900,000 higher than reported at June 30, 1998, and December 31, 1997, respectively.

3. NET INCOME PER COMMON SHARE

In 1997, the company adopted Statement of Financial Accounting Standards No. 128 (SFAS No. 128), "Earnings per Share", effective December 15, 1997. Accordingly, basic net income per common share amounts are computed by dividing net income less the convertible preferred stock dividend requirement by the weighted-average number of common shares outstanding. Diluted net income per share amounts are based on an increased number of common shares that would be outstanding assuming the exercise of certain outstanding stock options and the conversion of the convertible preferred stock, when such conversion would have the effect of reducing net income per share. The adoption of SFAS No. 128 resulted in the restatement of the $.57 fully diluted earnings per share reported for the second quarter of 1997 to $.58 diluted earnings per share. No other restatements were necessary.

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 $3.9 million to $25.9 million at June 30, 1998. At June 30, 1998, the company's reserve was $18.8 million for legal and environmental matters compared to $20.6 million at December 31, 1997.

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 1997 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. COMPREHENSIVE INCOME

In 1997, 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 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 company adopted SFAS No. 130 in 1998. For the quarters and six months ended June 30, 1998 and 1997, the company's comprehensive income included net income and foreign currency translation losses. The foreign currency translation losses totaled $1,174,000 and $820,000 for the quarters ended June 30, 1998 and 1997, respectively. Therefore, total comprehensive income was $5,936,000 for the quarter ended June 30, 1998, compared to $5,503,000 for the same quarter of 1997.

For the six months ended June 30, 1998 and 1997, the foreign currency translation losses were $1,773,000 and $2,202,000, respectively, with the corresponding comprehensive income amounts of $11,059,000 and $8,598,000.

6. ACQUISITIONS

On May 8, 1998, the company acquired an additional 34.5 percent of the outstanding stock of Stepan Colombia raising its stake in the Colombia company to 84.5 percent. The transaction was accounted for as a step acquisition purchase, and Stepan Colombia's financial results have been reported on a consolidated basis from the date that controlling interest was acquired. Prior to the May 1998 purchase date, the investment was accounted for under the equity method. It is anticipated that the remaining shares will be acquired in the third quarter making Stepan Colombia a wholly-owned subsidiary. The reported consolidated results of operations for 1997 and 1998 would not have been materially affected had this transaction occurred at the beginning of 1997.

Effective June 30, 1998, the company acquired selected surfactant product lines from DuPont's Specialty Chemicals unit. The acquired business consists of phosphate esters, specialty ethoxylates and other specialty quaternaries and polymers sold to the plastic and fiber industries. The product lines supplement the company's existing surfactants and polymers businesses and will be produced in current company manufacturing plants. The transaction was recorded as a purchase of intangible assets, including patents, trademarks, know-how and goodwill. The company believes that the acquisition will have little impact on 1998 results, but should benefit 1999 earnings.

7. RECLASSIFICATIONS

Certain amounts in the 1997 financial statements have been reclassified to conform with the 1998 presentation.

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 six months ended June 30, 1998, net cash from operations totaled $24.7 million, a decrease of $6.5 million from the same period in 1997. Last year's results, however, included $9.8 million in insurance recoveries. Excluding this item, net cash from operations increased $3.3 million. Net income was up by $2.0 million for the current year period while customer prepayments credited to deferred revenue fell to zero from $2.3 million last year. During 1998, changes in working capital have resulted in a $5.5 million use of cash compared to a $1.9 million source for the same period in 1997.

Capital expenditures totaled $15.6 million for first half of 1998, down by $5.9 million, or 27%, from $21.5 million for the comparable period last year. Current full-year spending is expected to exceed last year's total of $35.6 million. Investing activities for the current year period also included the acquisition of certain surfactant product lines and related intangible assets from DuPont.

Since last year-end, total company debt has increased by $14.3 million, to $115.2 million. At June 30, 1998, the ratio of long-term debt to long-term debt plus shareholders' equity was at 42.6 percent, up from 40.8 percent as of last year-end.

The company agreed in principle to borrow $30 million in a private placement at 6.59 percent with a term of 15 years, with proceeds to be drawn on October 1, 1998. The terms of these new, unsecured loan agreements will be identical to those of our most recent private placement completed in 1995.

The company maintains contractual relationships with its domestic banks which provide for $45 million of revolving credit which may be drawn upon as needed for general corporate purposes. At June 30, 1998, the company had $31.0 million outstanding under this revolving credit line.

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.

RESULTS OF OPERATIONS

Three Months Ended June 30, 1998 and 1997

Net income for the second quarter ended June 30, 1998, was a record $7.1million, or $.70 per share ($.64 per share diluted), up 12 percent from the $6.3 million, or $.62 per share ($.58 per share diluted) reported for the same quarter a year earlier. Net sales rose one percent to $155.5 million from $153.7 million reported last year. Net sales by product group were:

(Dollars in Thousands)	Three Months Ended June 30		
	1998	1997	% Change
Net Sales:			
Surfactants	$118,649	$116,595	2%
Polymers	28,896	29,458	-2%
Specialty Products	7,964	7,597	5%
Total	$155,509	$153,650	1%

Surfactants net sales increased two percent between years. Domestic operations, which accounted for about 79 percent of total surfactant revenues, reported net sales that were $1.1 million, or one percent, greater than those of a year ago. Sales volume decreased three percent for the period due to lower demand for high active laundry and cleaning products and to reduced export volumes resulting from the economic contraction in Asia. Increased sales of higher value-added products more than offset the decline in sales volume. Foreign operations net sales grew $.9 million, or four percent, on a seven percent increase in sales volume. The company's Canadian and Mexican subsidiaries posted volume increases of 25 percent and 16 percent, respectively. Foreign volumes also benefited from the first-time consolidation of the Colombian subsidiary. Sales volume for the European subsidiaries declined 18 percent due to a continued competitive environment.

Surfactants gross profit increased three percent from $20.6 million for the second quarter of 1997 to $21.3 million for the second quarter of 1998. Gross profit for domestic operations increased $1.0 million, or six percent, and accounted for the overall surfactants improvement. Better margins, arising from increased sales of higher value-added products, led to the higher domestic gross profit. Lower gross profit on export sales partially offset the improvement in margins. Foreign operations gross profit decreased $.3 million, or eight percent, despite an increase in sales volume. The effect of weaker European margins more than offset the impact of the increase in foreign volumes. Canadian margins were also down due to product mix and to a weakening of the Canadian dollar against the U. S. dollar.

Polymers net sales decreased two percent between years. Sales volume grew 12 percent. Net sales for phthalic anhydride (PA), despite a 21 percent increase in sales volume, decreased 12 percent due to lower average selling prices. Competitive pressures arising from oversupply in the marketplace coupled with lower raw material costs caused the decline in selling prices. Net sales for polyurethane systems and polyurethane polyols improved 12 percent and two percent, respectively, on volumes that increased by 16 percent and four percent, respectively.

Polymers gross profit increased 10 percent to $6.5 million in the second quarter of 1998 from $5.9 million in the second quarter of 1997. Urethane polyols, with better margins and volumes, accounted for most of the polymer gross profit improvement. Urethane systems, as a result of higher volumes, also contributed to the increase. PA gross profit declined from quarter to quarter due to weaker margins.

Specialty products net sales increased five percent from quarter to quarter. Gross profit increased to $1.8 million for the current year's second quarter from $.8 million for the same period of a year earlier. A shift to a more profitable product mix accounted for the increase.

Operating expenses for the second quarter of 1998 rose five percent from those of the second quarter of 1997. Marketing expenses increased nine percent due largely to higher salary payroll and benefit expenses. Administrative and research, development and technical services expenses increased four percent and three percent, respectively, between quarters.

Equity joint venture income declined $.3 million from quarter to quarter. Stepan Philippines joint venture income decreased $.2 million. Included in the 1998 result was a $.4 million charge attributable to the devaluation of the peso. Joint venture income for Stepan Colombia declined $.1 million, primarily due to the inclusion of Colombia's results on a consolidated basis for the first time during the second quarter of 1998.

Interest expense for the quarter decreased seven percent compared to the same quarter last year. The decrease reflected lower average debt levels.

Six Months Ended June 30, 1998 and 1997

Net income for the first six months ended June 30, 1998, was $12.8 million, or $1.26 per share ($1.16 per share diluted), compared to $10.8 million, or $1.04 per share ($.98 per share diluted) reported for the same period a year earlier. Net sales increased four percent to $305.9 million from $293.3 million reported last year. Net sales by product group were:

(Dollars in Thousands)	Six Months Ended June 30		
	1998	1997	% Change
Net Sales:			
Surfactants	$235,352	$224,313	5%
Polymers	54,625	54,386	0%
Specialty Products	15,920	14,621	9%
Total	$305,897	$293,320	4%

Surfactants net sales increased five percent for the first six months of 1998 over those of the first six months of 1997. Sales volume increased six percent for the same period. Most of the net sales and volume gains were attributable to domestic operations. Domestic revenues grew $7.4

million, or four percent, on sales volume which grew four percent. Greater demand for the company's personal care products caused most of the sales volume improvement. Foreign operations net sales increased $3.6 million, or eight percent, on sales volume that increased 16 percent. All foreign subsidiaries, except Europe, posted net sales and volume increases. Foreign volumes also benefited from the first-time consolidation of the Colombian subsidiary.

Surfactants gross profit increased 11 percent from $38.0 million in 1997 to $42.2 million in 1998. The increase was primarily attributable to domestic operations which reported a $3.4 million, or 11 percent, rise in gross profit. The domestic increase was driven principally by increased sales volumes. Better average margins resulting from a greater sales mix of higher value-added products also contributed. Gross profit for foreign operations increased $.8 million, or 12 percent, from year to year. Increased sales volume led to the improved foreign results. Lower margins, particularly for Europe, partially offset the impact of the higher volume.

Polymers net sales increased $.2 million between years. Sales volume increased 13 percent. Net sales for phthalic anhydride (PA), despite an 18 percent increase in sale volume, decreased eight percent due to lower average selling prices. Competitive pressures arising from oversupply in the marketplace coupled with lower raw material costs caused the decline in selling prices. Net sales for polyurethane polyols improved 10 percent on volume that increased by 10 percent. Net sales for polyurethane systems remained flat between years on a seven percent sales volume improvement.

Polymers gross profit remained unchanged from year to year at $11.6 million. Gross profit for urethane polyols increased as a result of higher sales volume and margins. Reduced margins for PA, arising from the earlier noted competitive pressures, virtually offset the improved urethane polyol gross profit. Lower margins , due to sales mix, also led to a decrease in gross profit for urethane systems.

Specialty products net sales increased nine percent from quarter to quarter. Gross profit increased to $3.7 million for the current year from $1.8 million for last year. A shift to a more profitable product mix accounted for the increase.

Operating expenses for the first six months increased $2.7 million, or nine percent. Marketing expenses increased 15 percent and administrative and research and development expenses increased six percent each. Higher salary payroll and benefit expenses were the largest contributors to the increase in each of the above areas.

1998 OUTLOOK

The company is optimistic about achieving record sales and earnings in 1998. Surfactant sales volumes and profit are expected to remain strong, particularly in North America. Polymer earnings should improve on gains in the polyurethane polyol business.

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 1998, company expenditures for capital projects related to the environment were $2.1 million and should approximate $5.5 million to $7.5 million for the full year 1998. 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 $3.6 million for the first six months of 1998.

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 $3.9 million to $25.9 million at June 30, 1998. At June 30, 1998, the company's reserve was $18.8 million for legal and environmental matters compared to $20.6 million at December 31, 1997. During the first six months of 1998, expenditures related to legal and environmental matters approximated $2.1 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 1997 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.

ACCOUNTING STANDARD

The company adopted Financial Accounting Standards No. 130, "Reporting Comprehensive Income" (SFAS No. 130), in 1998. The adoption of SFAS No. 130 has no effect on reported Net Income or Net Income per Common Share (see note 5 of the Notes to Condensed Consolidated Financial Statements for further information).

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

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Item 1 - Legal Proceedings

Reference is made to the company's Report 10-Q for the quarter ending March 31, 1998, with regard to an action entitled Gilberg, et al. v. Stepan and Accurso, et al. v. Stepan. The company attempted to remove all the cases which had been filed in Middlesex County in New Jersey to the Federal District Court, Newark, New Jersey. The Federal District Court remanded all but 15 cases to Middlesex County. The company sought to appeal this decision to the Third Circuit Court of Appeals by filing a Writ of Mandamus. On July 23, 1998, the Third Circuit Court denied the company's petition. Consequently, at this time, there appear to be 256 cases pending in Middlesex County, New Jersey, and 15 cases pending in the Federal District Court, Newark, New Jersey.

Item 6 - Exhibits and Reports on Form 8-K

(A) Exhibits

(11) Statement re computation of Per Share Earnings

(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 12, 1998

Exhibit (11)

STEPAN COMPANY
STATEMENT RE COMPUTATION OF PER SHARE EARNINGS
For the Three and Six Months Ended June 30, 1998 and 1997
Unaudited

(In Thousands, except per share amounts)	Three Months Ended June 30 1998	Three Months Ended June 30 1997	Six Months Ended June 30 1998	Six Months Ended June 30 1997
Computation of Basic Earnings per Share				
Net income	$ 7,110	$ 6,323	$12,832	$10,800
Deduct dividends on preferred stock	224	267	449	534
Income applicable to common stock	$ 6,886	$ 6,056	$12,383	$10,266
Weighted average number of shares outstanding	9,854	9,834	9,850	9,837
Per share earnings*	$ 0.699	$ 0.616	$ 1.257	$ 1.044
Computation of Diluted Earnings per Share				
Net Income	$ 7,110	$ 6,323	$12,832	$10,800
Weighted-average number of shares outstanding	9,854	9,834	9,850	9,837
Add net shares issuable from assumed exercise of options (under treasury stock method)	485	246	438	261
Add Weighted-average shares issuable from assumed conversion of convertible preferred stock	744	887	745	887
Shares applicable to diluted earnings	11,083	10,967	11,033	10,985
Per share diluted earnings*	$ 0.642	$ 0.577	$ 1.163	$ 0.983

* Rounded

This calculation is submitted in accordance with Regulation S-K, item 601(b)(11).

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM CONDENSED CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 1998 AND CONSOLIDATED STATEMENT OF INCOME FOR THE SIX MONTHS THEN ENDED AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

6-MOS
DEC-31-1998
JUN-30-1998
5,523
0
90,397
0
46,302
152,819
544,715
339,166
396,116
85,979
0
0
19,616
10,392
115,842
396,116
305,897
305,897
248,414
280,916
0
0
3,676
21,397
8,565
12,832
0
0
0
12,832
1.26
1.16