SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant [X]

Filed by a Party other than the Registrant [_]

Check the appropriate box:

[_] Preliminary Proxy Statement

[_] CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14A-6(E)(2))

[X] Definitive Proxy Statement

[_] Definitive Additional Materials

[_] Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12

Stepan Company

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

[X] No fee required

[_] Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

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(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

[_] Fee paid previously with preliminary materials.

[_] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

Notes:

STEPAN COMPANY

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To be held on May 11, 1999
at 9:00 a.m.

To the Stockholders:

Notice is hereby given that the Annual Meeting of Stockholders of STEPAN COMPANY will be held at the Company's Administrative and Research Center at Edens Expressway and Winnetka Road, Northfield, Illinois, on Tuesday, May 11, 1999, at 9:00 a.m., for the following purposes:

1. To elect three Directors to the Board.

2. To approve an amendment to the Company's Certificate of Incorporation to increase the authorized Common Stock of the Company to 30,000,000 shares.

3. To ratify the appointment of Arthur Andersen LLP as independent auditors for the Company for 1999.

4. To transact such other business as may properly come before the meeting.

The Board of Directors has designated the close of business on March 12, 1999, as the record date for determining holders of 5 1/2% Convertible Preferred Stock and Common Stock entitled to notice of and to vote at the meeting.

A copy of the Company's Annual Report for the year 1998 is enclosed with this notice.

By Order of the Board of Directors

JEFFREY W. BARTLETT
Secretary

Northfield, Illinois
March 30, 1999

The Board of Directors of the Company extends a cordial invitation to all stockholders to be present at the meeting. If you do not plan to attend the meeting, please mark, sign and mail the enclosed proxy card in the return envelope provided as promptly as possible. If you plan to attend the meeting, it will be necessary to obtain an admission card and a request form is also enclosed. An admission card will be issued upon request in the name of each stockholder of record. Each admission card is valid only for the admission of the stockholder of record or bona fide beneficial owner or a designated proxy. Bona fide beneficial owners of shares that are registered in the name of a broker or other nominee should bring proof of beneficial ownership. No other persons will be admitted to the Annual Meeting of Stockholders.

March 30, 1999

PROXY STATEMENT

For the Annual Meeting of Stockholders of

STEPAN COMPANY

Edens Expressway and Winnetka Road
Northfield, Illinois 60093

To be held at 9:00 a.m. on May 11, 1999

The enclosed proxy is solicited by the Board of Directors of the Company and the entire expense of solicitation will be borne by the Company. Such solicitation is being made by mail and the Company may also use its Officers and its regular employees to solicit proxies from stockholders personally or by telephone or letter. Arrangements will be made with the brokers, custodians, nominees, or other fiduciaries who so request for the forwarding of solicitation material to the beneficial owners of stock held of record by such persons and the Company will reimburse them for reasonable out-of-pocket expenses incurred by them in that connection.

At the close of business on March 12, 1999, the record date for the meeting, there were 650,013 shares of 5 1/2% Convertible Preferred Stock ("Preferred Stock") outstanding, each share of which is convertible into 1.14175 shares of Common Stock and is entitled to 1.14175 votes on each matter to be voted on at the meeting, and, assuming the Preferred Stock were converted, there would be 10,410,027 shares of Common Stock outstanding, each share of which is entitled to one vote on each matter to be voted on at the meeting.

This proxy statement and proxy are being sent or given to stockholders commencing on March 30, 1999. Any proxy given pursuant to this solicitation may be revoked by the stockholder at any time prior to the voting of the proxy.

PRINCIPAL STOCKHOLDERS

As of March 12, 1999, the only persons known to the Company to beneficially own more than five percent of the Company's Common Stock were the following:

	Number of Shares of Common Stock Beneficially Owned(2)(9)			
	Voting and Investment Power		Total Shares	Percentage of Outstanding Shares of Common Stock
Name(1)	Sole	Shared		
F. Quinn Stepan(4)......	1,849,018(6)(7)(10)(11)	612,217(3)	2,461,235	23.6%
Plan Committee for Stepan Company Qualified Plans........	872,778(5)(8)		872,778	8.3%
Paul Stepan(4)..........	85,921	612,217(3)	698,138	6.7%

As of March 12, 1999, the only persons known to the Company to beneficially own more than five percent of the Company's Preferred Stock were the following:

Name(1)	Number of Shares of Preferred Stock Beneficially Owned(2) — Voting and Investment Power — Sole	Shared	Total Shares	Percentage of Outstanding Shares of Preferred Stock
F. Quinn Stepan(4)(11).....		166,480(3)	166,480	25.6%
Paul H. Stepan(4)..........	34,143	166,480(3)	200,623	30.8%
Plan Committee for Stepan Company Qualified Plans...	96,728(5)(8)		96,728	14.8%
Estate of Mary Louise Stepan(4).................	76,872		76,872	11.8%
Mary Louise Wehman(4)......	76,872		76,872	11.8%
John Stepan(4).............	76,872		76,872	11.8%

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(1) Except as otherwise set forth herein, the address of all persons named is Stepan Company, Edens Expressway and Winnetka Road, Northfield, Illinois 60093.

(2) Represents number of shares beneficially owned as of March 12, 1999. Number of shares owned includes shares held by the spouses of F. Quinn Stepan and Paul H. Stepan and shares held by the persons listed in the table, as trustee or custodian for the benefit of children where the trustee or custodian has voting or investment power.

(3) F. Quinn Stepan and Paul H. Stepan are managing partners of a family-owned limited partnership which is the sole general partner in another family-owned limited partnership which owns 422,139 shares of Common Stock and 166,480 shares of Preferred Stock. The shares owned by the partnership are included in the tables for both F. Quinn Stepan and Paul H. Stepan.

(4) F. Quinn Stepan, Paul H. Stepan, John Stepan and Mary Louise Wehman are the children of the late Mary Louise Stepan.

(5) The members of the Plan Committee are J. A. Hartlage, W. J. Klein and F. Q. Stepan, Jr., all of whom are employees of the Company. Due to C. O. Gardiner's retirement from the Company in February 1999, he was no longer a member of the Plan Committee effective February 16, 1999. Mr. F. Q. Stepan, Jr. was elected a member of the Plan Committee by the Company's Board of Directors on February 16, 1999.

(6) Includes 4,319 shares of Common Stock allocated to F. Quinn Stepan under the Employee Stock Ownership Plan.

(7) Includes 470,250 shares which F. Quinn Stepan has the right to acquire within 60 days through the exercise of stock options granted pursuant to the Company's stock option plans.

(8) Represents shares held by Citibank, F.S.B. ("Citibank") as Trustee for the Company's Trust for Qualified Plans. Citibank is also the Trustee for the Company's Employee Stock Ownership Plan. Citibank expressly denies any beneficial ownership in the securities of these Plans.

(9) Includes the number of shares of Common Stock which the specified person has the right to acquire by conversion of Preferred Stock beneficially owned by such person.

(10) Includes 235,246 shares of Common Stock credited to F. Quinn Stepan's stock account under the 1992 Management Incentive Plan. Under the 1992 Management Incentive Plan, amounts credited to an employee's stock account at termination of his employment may be paid in Common Stock at the employee's election.

(11) Mr. F. Quinn Stepan is the sole executor of the estate of Mary Louise Stepan. As of March 12, 1999, there were 261,432 shares of Common Stock and 76,872 shares of Preferred Stock held by the estate of Mary Louise Stepan. The shares owned by the estate of Mary Louise Stepan are not included in the tables for F. Quinn Stepan.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 and the rules thereunder require the Company's Officers and Directors, and persons who own more than 10 percent of the Company's Common Stock or Preferred Stock, to file reports of beneficial ownership and changes in beneficial ownership of the Common Stock or Preferred Stock with the Securities and Exchange Commission, the New York Stock Exchange, the Chicago Stock Exchange and the Company. Based solely upon a review of the copies of such forms received by it during or with respect to its most recent fiscal year, or written representations from certain reporting persons, the Company believes that Earl H. Wagener filed one late report of one transaction, Paul H. Stepan filed three late reports of three transactions and M. Mirghanbari filed two late reports of three transactions.

ELECTION OF DIRECTORS

The persons named in the enclosed Proxy will vote for the election of the nominees named below as Directors of the Company to hold office until the Annual Stockholders' Meeting to be held in the year 2002.

Under the Company's Certificate of Incorporation and By-laws, Directors are elected by a plurality of the voting power of the shares of Preferred Stock and Common Stock present in person or represented by proxy at the meeting and entitled to vote, voting together as a single class. The outcome of the election will not be affected by shares that withhold authority to vote in the election.

In the event any one or more of such nominees shall be unable to serve as Director, votes will be cast, pursuant to the authority granted in the enclosed Proxy, for such person or persons as may be designated by the Board of Directors. The Board of Directors at this time is not aware of any nominee who is or will be unable to serve as Director, if elected.

Nominees For Director

The following table sets forth certain information about the nominees for Director:

Name of Nominee	Principal Occupation and Business Experience During the Past Five Years, Other Directorships and Age	Year of First Election as Director	Number and Percent of Shares of Common Stock Beneficially Owned(1)	
Thomas F. Grojean....	Chairman and Chief Executive Officer of Burlington Motor Carriers, Inc. Chairman, Chief Executive Officer and sole owner of Schanno Transportation, Inc. Both firms are nationwide truckload freight carriers. Age--60	1977	38,112(2)	*
James A. Hartlage....	Senior Vice President--Technology and Operations of the Company since 1995; Senior Vice President--Technology of the Company from 1992 to 1995. Age--61	1984	1,006,070(3) (4) (6) (7)	9.6%
F. Quinn Stepan, Jr..	President and Chief Operating Officer of the Company since February 1999; Vice President and General Manager--Surfactants of the Company from 1997 to 1999; Vice President, Global Laundry and Cleaning Products of the Company from 1996 to	N/A	1,042,409(3) (5) (6)	10.0%

1997; Director--Business
Management of the
Company from 1992 to
1996.
Age--38

*Less than one percent of outstanding shares.

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(1) Represents number of shares beneficially owned as of March 12, 1999. Number of shares includes shares owned by the spouse of a Director and shares held by a Director or their spouse as trustee or custodian for the benefit of minor children where the trustee or custodian has voting or investment power.
(2) Includes 5,046 shares that such Director has the right to acquire within 60 days through the exercise of stock options granted pursuant to the Company's stock option plan.
(3) Includes all shares deemed beneficially owned by the Plan Committee, of which J.A. Hartlage and F.Q. Stepan, Jr. are members. The Plan Committee selects the investment manager of the Stepan Company Trust for Qualified Plans under the terms of a Trust Agreement dated June 1, 1996, with Citibank, F.S.B. See Principal Stockholders.
(4) Includes 75,600 shares of Common Stock which J.A. Hartlage has the right to acquire within 60 days through the exercise of stock options granted pursuant to the Company's stock option plan and 2,539 shares allocated to J.A. Hartlage under the Employee Stock Ownership Plan.
(5) Includes 70,000 shares of Common Stock which F. Quinn Stepan, Jr. has the right to acquire within 60 days through the exercise of stock options granted pursuant to the Company's stock option plan, 1,012 shares allocated to F. Quinn Stepan, Jr. under the Employee Stock Ownership Plan, and 4,411 shares credited to F. Quinn Stepan, Jr.'s stock account under the 1992 Management Incentive Plan. F. Quinn Stepan, Jr. is the son of F. Quinn Stepan and the nephew of Paul H. Stepan.
(6) See Note (5) to tables under Principal Stockholders.
(7) See Note (9) to tables under Principal Stockholders.

Directors Whose Terms Continue

The following table sets forth certain information about those Directors who are not up for reelection as their term of office does not expire this year:

Name of Director	Principal Occupation and Business Experience During the Past Five Years, Other Directorships and Age	Year of First Election as Director	Term Expires	Number and Percent of Shares of Common Stock Beneficially Owned(1)	
Robert D. Cadieux..	Private Investor. From 1993 to January 1995, President and Chief Executive Officer of Air Liquide America Corporation, a manufacturer of industrial gases. From 1991 to 1993, Executive Vice President of Amoco Corporation. From 1983 to 1991, President of Amoco Chemical Company. Trustee of Illinois Institute of Technology. Age--61	1992	2000	24,505(2)	*
Robert G. Potter...	Chairman and Chief Executive Officer of Solutia Inc., the former chemical businesses of Monsanto Company, since September 1997. Solutia Inc. is a manufacturer of performance chemicals and specialty chemicals. Corporate Executive Vice President and Member, Management Board, of Monsanto Company from February 1995 to August 1997. Corporate Executive Vice President of Monsanto	1995	2001	6,123(3)	*

Company and President of
The

Name of Director	Principal Occupation and Business Experience During the Past Five Years, Other Directorships and Age	Year of First Election as Director	Term Expires	Number and Percent of Shares of Common Stock Beneficially Owned(1)	
	Chemical Group of Monsanto Company from 1992 to 1995. Director of Solutia Inc. and Southdown, Inc. Age--59				
F. Quinn Stepan....	Chairman and Chief Executive Officer of the Company since November 1984. President and Chief Operating Officer of the Company from 1973 to February 1999. Age--61	1967	2001	2,461,235(4)(5)(6)(8)(9)	23.6%
Paul H. Stepan.....	Chairman of SA Inc., a real estate development firm. President and Director of Paul Stepan & Associates, Inc., a real estate development firm, since June 1985. General Partner of Stepan Venture which is involved in various venture capital investments. Executive Director, Mesirow Financial, an investment banking operation, 1993 to May 1998. Vice Chairman, Hostmark Management Company from November 1993 to October 1994. Age--55	1977	2000	698,138(2)(4)(7)	6.7%

*Less than one percent of outstanding shares.

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(1) See Note (1) to table under Nominees for Director.
(2) Includes 5,046 shares that such Director has the right to acquire within 60 days through the exercise of stock options granted pursuant to the Company's stock option plan.
(3) Includes 2,614 shares that such Director has the right to acquire within 60 days through the exercise of stock options granted pursuant to the Company's stock option plan.
(4) See Note (3) to tables under Principal Stockholders.
(5) See Note (6) to tables under Principal Stockholders.
(6) See Note (7) to tables under Principal Stockholders.
(7) See Note (9) to tables under Principal Stockholders.
(8) See Note (10) to tables under Principal Stockholders.
(9) See Note (11) to tables under Principal Stockholders.

Stock Ownership of Directors and Officers

The following table sets forth as of the close of business on March 12, 1999, the stock ownership of those Officers listed in the Compensation Table who are not Directors and the stock ownership of Directors and Officers as a group on such date:

Name	Number and Percent of Shares of Common Stock Beneficially Owned(1)	
Charles W. Given..............................	15,561	*
Ronald L. Siemon..............................	69,691(2)	*
M. Mirghanbari................................	81,549(3)	*
Jeffrey W. Bartlett...........................	12,804(4)	*
All Directors and Officers(5).................	4,085,294	39.2%

*Less than one percent of outstanding shares.

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(1) Number of shares for each Officer (and Directors and Officers as a group) includes (a) shares owned by the spouse of the Director or Officer and shares held by the Director or Officer or his spouse as trustee or custodian for the benefit of minor children where the trustee has voting or investment power and (b) shares of Common Stock which may be acquired within 60 days through the exercise of stock options granted pursuant to the Company's stock option plans or conversion of Preferred Stock.

(2) Includes 1,661 shares allocated to Ronald L. Siemon under the Employee Stock Ownership Plan, 34,950 shares that Ronald L. Siemon has the right to acquire under a stock option plan, and 11,104 shares credited to Ronald L. Siemon's stock account under the 1992 Management Incentive Plan.

(3) Includes 2,001 shares allocated to M. Mirghanbari under the Employee Stock Ownership Plan and 57,550 shares that M. Mirghanbari has the right to acquire under stock option plans.

(4) Includes 2,091 shares allocated to Jeffrey W. Bartlett under the Employee Stock Ownership Plan.

(5) As of March 12, 1999, all Directors and Officers as a group beneficially owned 210,351 shares of Preferred Stock, which represented 32% of the outstanding Preferred Stock and were convertible into 240,168 shares (2.3%) of Common Stock. As of March 12, 1999, Company-employed Directors and Officers as a group had the right to acquire 780,700 shares of Common Stock under stock options exercisable within 60 days, 16,530 shares of Common Stock were allocated to Company-employed Directors and Officers under the Employee Stock Ownership Plan, and 260,521 shares of Common Stock were credited to stock accounts of Company-employed Directors and Officers under the 1992 Management Incentive Plan.

Board of Directors and Committee Meetings

There were four regular meetings of the Board of Directors during 1998. During 1998, none of the Directors attended fewer than 75 percent of the total number of meetings of the Board of Directors and meetings of committees of the Board of Directors of which such Director was a member.

The Board of Directors has an Audit Committee which held two meetings in 1998. The functions of the Audit Committee include annual consideration of the selection of independent auditors, meeting with the auditors before the year-end audit to review the proposed scope of work of the audit, meeting with the auditors at the completion of the year-end audit to review the results of the audit, review of the auditors' memorandum setting forth findings and suggestions regarding internal control, financial policies and procedures and management's response thereto, review of the internal audit program of the Company and review of unusual or significant financial transactions. The members of the Audit Committee are Messrs. Cadieux, Grojean and Potter.

The Board of Directors has a Compensation and Development Committee (formerly known as the Compensation Committee) which held two meetings in 1998. The functions of the Compensation and Development Committee include reviewing the salaries of the Officers of the Company each year, adjusting them as appropriate, approving all management incentive awards and approving proposals for granting of stock options. The members of the Compensation and Development Committee are Messrs. Cadieux, Grojean, Potter and P. Stepan.

The Board of Directors has no Nominating Committee.

Compensation of Executive Officers and Directors

The following table sets forth a summary of the compensation of the Chief Executive Officer and the four other most highly compensated executive officers of the Company who were serving as such at the end of 1998, for the years indicated. Also included is Mr. Charles W. Given who would have been one of the four most highly compensated executive officers but was not serving as such at the end of 1998.

		Annual Compensation		Long-Term Compensation	
Name and Principal Position	Year	Salary	Bonus	Awards of Options	All Other Compensation(1)
F. Quinn Stepan	1998	$464,000	$ 42,350	48,436 shs	$24,872
Chairman and CEO	1997	446,333	256,500	65,000 shs	24,457
	1996	431,667	0	65,250 shs	18,875
James A. Hartlage..........	1998	$266,667	$ 75,700	12,916 shs	$14,332
Senior Vice President--	1997	256,667	140,650	-0-	14,103
Technology and Operations	1996	241,667	38,650	15,600 shs	10,655
Charles W. Given...........	1998	$206,667	$ 97,850	-0-	$11,036
Vice President--Corporate	1997	202,667	83,900	-0-	11,061
Development(2)	1996	196,000	11,750	12,500 shs	8,549
Ronald L. Siemon...........	1998	$191,000	$ 90,450	11,302 shs	$10,174
Vice President and General	1997	180,333	19,850	-0-	9,856
Manager Polymers	1996	169,000	67,600	10,950 shs	7,414
M. Mirghanbari.............	1998	$199,000	$ 53,500	9,687 shs	$10,759
Vice President--	1997	190,333	90,800	-0-	10,524
Manufacturing and Engineering	1996	181,000	28,650	11,550 shs	8,045
Jeffrey W. Bartlett........	1998	$187,667	$ 57,150	9,687 shs	$10,243
Vice President, General	1997	180,333	63,750	-0-	10,070
Counsel and Regulatory Affairs	1996	173,333	200,000	15,000 shs	7,792

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(1) For 1998, represents awards to each listed individual of a forfeiture allocation of $1 under the Company's Employee Stock Ownership Plan ("ESOP") as well as dividends on shares in each listed individual ESOP account as follows: Mr. Stepan: $2,547; Mr. Hartlage: $1,498; Mr. Given: $1,088; Mr. Siemon: $980; Mr. Mirghanbari: $1,180; and Mr. Bartlett: $1,233. Also includes awards of $7,702 under the Company's Profit Sharing Plan ("Profit Sharing") as well as awards under the Company's Supplemental Profit Sharing Plan as follows: Mr. Stepan: $14,622; Mr. Hartlage: $5,131; Mr. Given: $2,245; Mr. Siemon: $1,491; Mr. Mirghanbari: $1,876; and Mr. Bartlett: $1,307. The $1 ESOP forfeiture allocation amount and the $7,702 Profit Sharing amount were restricted due to limitations imposed by the Revenue Reconciliation Act of 1993.

(2) Mr. Given was no longer an executive officer effective August 31, 1998. Mr. Given retired from the Company on December 31, 1998.

The following table provides information concerning individual grants during 1998 of stock options made to each of the named executive officers.

Option Grants in Last Fiscal Year

	Individual Grants				Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term	
Name	Number of Securities Underlying Options Granted (#)	Percent of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price ($/Sh)	Expiration Date	5%	10%
F. Quinn Stepan.........	48,436	21.1%	$30.96875	5-4-08	$ 943,343	$ 2,390,617
James A. Hartlage.......	12,916	5.6%	30.96875	5-4-08	251,553	637,485
Charles W. Given........	-0-	0%	--	--	-0-	-0-
Ronald L. Siemon........	11,302	4.9%	30.96875	5-4-08	220,119	557,824
M. Mirghanbari..........	9,687	4.2%	30.96875	5-4-08	188,665	478,114
Jeffrey W. Bartlett.....	9,687	4.2%	30.96875	5-4-08	188,665	478,114

The following additional computations are examples of hypothetical gains by all common stockholders and the above optionees on the same assumptions set forth above, that is, at assumed annual rates of common stock appreciation of 5% and 10%, respectively, for the term of the above options. Such assumed rates are prescribed by rules of the Securities and Exchange Commission and are not intended to forecast possible future appreciation, if any, of the Company's Common Stock prices. The Company is not aware of any formula which will determine with reasonable accuracy a present value based on future unknown factors.

All common stockholders.	N/A	N/A	N/A	N/A	$ 202,746,533	$ 513,799,521
All above optionees.....	92,028	40.1%	$30.96875	5-4-08	$ 1,792,345	$ 4,542,154
Above optionees gain as % of all stockholders gain..................	N/A	N/A	N/A	N/A	1.0%	1.0%

The following table provides information concerning exercises during 1998 of stock options and as to option values at year-end.

1998 Aggregated Option Exercises in Last Fiscal Year and Year-End Option Values

Name	Shares Acquired on Exercise	Value Realized	Number of Securities Underlying Unexercised Options at 1998 Year-End Exercisable/Unexercisable	Value of Unexercised In-the-Money Options at 1998 Year-End Exercisable/Unexercisable
F. Quinn Stepan.........	-0-	-0-	405,250/113,436 shs	$4,765,157/479,376
James A. Hartlage.......	-0-	-0-	75,600/12,916 shs	780,376/0
Charles W. Given........	51,300 shs	$607,936	21,200/-0- shs	267,650/0
Ronald L. Siemon........	11,200 shs	126,780	34,950/11,302 shs	378,281/0
M. Mirghanbari..........	600 shs	10,312	66,950/9,687 shs	835,469/0
Jeffrey W. Bartlett.....	15,000 shs	128,750	-0-/9,687 shs	0/0

DIRECTORS' FEES

Directors who are not also Officers of the Company are currently being paid an annual Director's fee of $35,000 plus $1,250 for attendance at each Board of Directors meeting, Audit Committee meeting and Compensation and Development Committee meeting. No such fees are paid to Directors who are also Officers of the Company. Under the Company's 1965 Directors' Deferred Compensation Plan, the Company has entered into agreements with certain of its non-employee Directors under which a Director, at his election, may defer receipt of his Director's fees and such deferred fees are (i) used to purchase shares of the Company's Common Stock and such shares and future distributions thereon are deposited in the Director's account, (ii) credited to the Stepan Company Deferred Income Account, (iii) used to purchase shares of selected publicly-traded mutual funds or (iv) divided equally between the purchase of shares of the Company's Common Stock, the Stepan Company Deferred Income Account and shares of selected publicly traded mutual funds. Funds in the Stepan Company Deferred Income Account may not be used to purchase shares of the Company's Common Stock, but earn interest at the same rate as bonds with a maturity of ten years. At the election of a Director, deferred payments may be made in shares of Stepan Common Stock or cash based on the fair market value of the Director's account at distribution, which commences, depending upon the terms of the agreement with the particular Director, upon retirement as a Director or from active or professional life or at any time between ages 60 to 70, with payments being made periodically over a period of five to ten years.

In addition, the 1992 Stock Option Plan provides for the granting of a stock option, as of the date of the annual meeting of the Company's stockholders in calendar year 2000 to each non-employee Director serving as a Director of the Company on such date to purchase the number of shares of Common Stock determined by dividing the non-employee Director's annual retainer fee for the applicable year by the fair market value of a share of Common Stock on the date of the grant. The exercise price of each share of Common Stock under a stock option granted to a non-employee Director will be equal to the fair market value of a share of Common Stock on the date of the grant or, if greater, par value. The exercise price may be paid, upon exercise, in cash, in shares of Common Stock or in any combination of cash or Common Stock as the non-employee Director completes two continuous years of service as a non-employee Director following the date of the grant, but not more than ten years after the date of the grant. The 1992 Stock Option Plan sets forth restrictions upon the exercise of stock options by non-employee Directors upon termination of their service by reason of death, disability, retirement or otherwise.

The Company has a non-qualified, non-funded retirement income plan for the benefit of the non-employee Directors. The plan provides for a benefit after ten years of service of 50 percent of the annual Director's fee at retirement plus two percent for each year served on the Board in excess of ten years with a maximum 25 years credit in excess of ten years. Benefits commence at 70 years of age.

RETIREMENT PLANS

The Company has a non-contributory retirement plan (the "Retirement Plan") covering all salaried employees that provides for a maximum pension benefit equal to 50 percent of the employee's average base compensation, reduced by an amount equal to 50 percent of the employee's primary Social Security benefit at age 65, for employees with 30 years of service who retire at or after age 63. Base compensation is computed on the average base salary for the five highest consecutive earnings years during the last 15 years prior to retirement. The amount of salary taken into account for any year is subject to certain limitations contained in the Internal Revenue Code ($160,000 in 1998, to be indexed in future years for inflation in accordance with IRS regulations, and subject to certain transition rules for prior years in which greater amounts of salary were permitted to be taken into account). The Company also has a nonqualified supplemental retirement plan (the "SERP") for designated executives. The SERP replaces benefits under the qualified plan that would otherwise be denied due to Internal Revenue Code limits on qualified plan benefits. The following table sets forth the maximum annual retirement income payable under the Retirement Plan and the SERP, prior to reduction by an amount equal to 50 percent of projected age 65 Social Security benefits, at age 63 for indicated salaries and lengths of service.

BASE SALARY	YEARS OF SERVICE			
	15	20	25	30
$160,000	40,000	53,333	66,667	80,000
200,000	50,000	66,667	83,333	100,000
300,000	75,000	100,000	125,000	150,000
400,000	100,000	133,400	166,600	200,000
500,000	125,000	166,667	208,333	250,000

The years of credited service and the 1998 base salary (determined without regard to the limitation imposed by the Internal Revenue Code) for each of the Officers named in the cash compensation table are as follows:

NAME OF INDIVIDUAL	YEARS OF CREDITED SERVICE	BASE SALARY
F. Quinn Stepan	37	$464,000
James A. Hartlage	21	266,667
Charles W. Given	29	206,667
Ronald L. Siemon	29	191,000
M. Mirghanbari	29	199,000
Jeffrey W. Bartlett	15	187,667

STOCK PERFORMANCE GRAPH

The following performance graph compares the yearly change since December 31, 1993, in cumulative return on the Common Stock of the Company on a dividend reinvested basis to the Dow Jones Chemical Industry Index and the Russell 2000 Index. The Dow Jones Chemical Industry Index is a market-capitalization weighted grouping of 20 chemical companies, including major manufacturers of both basic and specialty products. Stepan Company is not included in this Index. The Russell 2000 Index is a market-capitalization weighted grouping of 2,000 small to medium sized companies in a broad range of industries. Stepan Company was a part of the Russell 2000 Index during 1998. The graph assumes $100 was invested on December 31, 1993, and shows the cumulative total return as of each December 31 thereafter.

Cumulative Value at December 31*

	December 31					
	1993	1994	1995	1996	1997	1998
Stepan Company	$100.00	$109.70	$124.78	$156.90	$233.43	$213.95
Dow Jones Chemical Industry Index	$100.00	$108.92	$142.62	$177.61	$217.75	$200.45
Russell 2000 Index	$100.00	$ 98.24	$126.08	$146.88	$179.73	$175.14

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* Assumes $100.00 invested on December 31, 1993, in Stepan Company common stock, Dow Jones Chemical Industry Index and Russell 2000 Index.

PROPOSAL TO AMEND THE COMPANY'S CERTIFICATE OF INCORPORATION TO INCREASE THE NUMBER OF AUTHORIZED SHARES

The present capital structure of the Company authorizes 15,000,000 shares of Common Stock, par value $1 per share. The Board of Directors believes this capital structure is inadequate for the present and future needs of the Company. Therefore, the Board of Directors has unanimously approved the amendment and restatement of the Company's Fourth Article of its Certificate of Incorporation (the "Certificate") to increase the authorized number of shares of Common Stock from 15,000,000 shares to 30,000,000 shares. The Board believes this capital structure more appropriately reflects the present and future needs of the Company and recommends such amendment and restatement to the Company's shareholders for adoption. On March 12, 1999, 9,667,875 shares of Common Stock were outstanding (10,410,027 shares assuming conversion of all of the Preferred Stock) and 650,013 shares of Preferred Stock were outstanding. In addition, 1,600,000 shares have been reserved for issuance under the 1992 Stock Option Plan.

Purpose of Authorizing Additional Common Stock

Authorizing an additional 15,000,000 shares of Common Stock would give the Board of Directors the express authority, without further action of the shareholders, to issue such Common Stock from time to time as the Board of Directors deems necessary. The Board of Directors believes it is necessary to have the ability to issue such additional shares of Common Stock for general corporate purposes. Potential uses of the additional authorized shares may include acquisition transactions, equity financings, stock dividends or distributions, and issuance of options pursuant to the Company's 1992 Stock Option Plan without further action by the shareholders, unless such action were specifically required by applicable law or rules of any stock exchange on which the Company's securities may then be listed.

The proposed increase in the authorized number of shares of Common Stock could have a number of effects on the Company's shareholders depending upon the exact nature and circumstances of any actual issuance of authorized but unissued shares. While the Company has no present intention of issuing shares for such purposes, the increase could have an anti-takeover effect, in that additional shares could be issued (within the limits imposed by applicable law) in one or more transactions that could make a change in control or takeover of the Company more difficult. For example, additional shares could be issued by the Company so as to dilute the stock ownership or voting rights of persons seeking to obtain control of the Company. Similarly, the issuance of additional shares to certain persons allied with the Company's management could have the effect of making it more difficult to remove the Company's current management by diluting the stock ownership or voting rights of persons seeking to cause such removal. In addition, an issuance of additional shares by the Company could have an effect on the potential realizable value of a shareholder's investment. In the absence of a proportionate increase in the Company's earnings and book value, an increase in the aggregate number of outstanding shares of the Company caused by the issuance of the additional shares would dilute the earnings per share and book value per share of all outstanding shares of the Company's Common Stock. If such factors were reflected in the price per share of Common Stock, the potential realizable value of the shareholder's investment could be adversely affected. The Common Stock carries no preemptive rights to purchase additional shares.

The proposed amendment and restatement of the Company's Certificate was approved by a vote of the Board of Directors of the Company on February 16, 1999.

The Proposal

The first paragraph of the Fourth Article of the Company's Certificate of Incorporation would be amended to provide as follows:

> FOURTH. The total number of shares of stock which the corporation shall have authority to issue is Thirty Two Million (32,000,000) shares, of which Thirty Million (30,000,000) shares shall be Common Stock of a par value of $1.00 per share, and Two Million (2,000,000) shares shall be Preferred Stock without par value.

Vote

The affirmative vote of at least a majority of the votes which all stockholders are entitled to cast at the meeting is required for adoption of the Certificate amendment.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE AMENDMENT TO THE COMPANY'S CERTIFICATE OF INCORPORATION.

REPORT OF THE COMPENSATION AND DEVELOPMENT COMMITTEE

The Company's executive compensation program is administered by the Compensation and Development Committee of the Board of Directors, which is composed of the following non-employee Directors: Messrs. Cadieux, Grojean, Potter and P. Stepan. During 1998, Mr. Grojean served as Chairman for the Committee. All issues pertaining to corporate officer compensation are submitted to the Committee for approval prior to implementation. Non-officer compensation for those reporting to the Chief Executive Officer is reviewed by the Committee as requested.

The Company's guiding philosophy in executive compensation is that:

a) The base pay of executive officers should reflect job responsibilities and performance, and should be competitive internally to the like or comparable positions as well as being competitive externally to the like or comparable positions within the chemical industry. To this end, the Company uses job evaluation and measurement techniques consistent with modern industrial practice and sets pay policy in accordance with data supplied by Hay Associates, an independent compensation consulting firm, for base pay trends in the chemical industry.

Within individual salary ranges, base salary levels for each executive officer are determined in accordance with performance standards set by Company policy, and in compliance with position in the salary range and the merit increase guidelines published annually for all salaried employees. A separate determination is made where an executive officer is promoted or assumes additional responsibilities which may result in an increase in excess of the merit increase guideline.

During 1998, merit increases for executive officers slightly exceeded the Company's merit guideline and averaged 6.6%. One corporate officer received a promotional increase approximating 18.9%.

The Chairman, President and Chief Executive Officer's (CEO) salary range is determined by the same process and procedures as those of other executive officers. The CEO's salary is adjusted by the Committee in accordance with the salary merit increase guideline. During 1998, the CEO's base earnings increased by 4.0% over the prior year.

(b) The incentive pay of executive officers should be tied directly to the performance of the Company and to the performance of the individual executive against a set of individual performance targets in a given calendar year. In years where the Company performs well against its economic targets, significant performance bonuses may be earned; if targets are not achieved or exceeded, incentive bonuses are proportionately lower or may not be paid at all.

All executive officers have a minimum of 25% of their incentive bonus based on the performance of the Company overall measured against targets for (a) Net Income and (b) Return on Invested Capital approved by the Committee for each calendar year period. The typical arrangement is that half of the total is measured against Net Income targets and half against targets for overall Corporate Return on Invested Capital.

In 1998, the Net Income results of the Company were $23.4 million, which was 73% above the Marginal level of the incentive target as set by the Committee. As a result, awards were made to executives for this factor for 1998. The average award for executive officers under this factor was 3.5%.

During 1998, the Company's result measured by Return on Invested Capital was 7.8%, and against the targets was Below Marginal. No incentive awards were made to executives for this factor.

The remainder of each individual executive officer's incentive bonus is based on performance measures set by mutual agreement between the executive and the CEO. During 1998, the average incentive bonus for executive officers under this part of the plan was 27.2%.

The CEO's incentive compensation is determined solely by the financial results of the Company for the year. For 1998, an incentive bonus of $42,350, or 9.1%, was paid to the CEO.

(c) Executive officers receive stock option grants on a regular schedule to promote retention of proven executives, in recognition of job performance as an encouragement to advance corporate performance results, which in turn enhance the likelihood of increases in the value of Common Stock.

In even-numbered years, stock options are granted to those executives and executive officers approved by the Committee and identified as having significant impact on the financial results and economic success and well-being of the Company. The size of stock option grants is determined based on job performance and the potential of each executive or executive officer to impact the costs, sales and/or profitability of the Company and may thus contribute to the value of the Common Stock held by stockholders. During 1998, stock options were granted to some eligible executives.

In addition, stock options are granted to executive officers at other times based on other factors that the Committee determines to be relevant. Such actions are occasioned by election, promotion or extraordinary job performance results. During 1998, no such stock options were granted to executive officers.

(d) The Board of Directors believes that ownership of Company stock by executives and executive officers is desirable in order to focus both short and long-term decision making on the best interests of the Company. To this end, during 1998, the Committee maintained the following policy guidelines:

1. Executive officers of the Company should own a minimum of Company stock approximating two times their annual base salary paid by the Company; and

2. Other executives (defined as those who are participants in the Company Management Incentive Plan) should own a minimum of Company stock approximating one times their annual base salary paid by the Company.

Stock may be owned either directly, through the Company Stock Purchase Plan, the Company Employee Stock Ownership Plan, or in shares held in a deferred Management Incentive Plan account. Stock options not exercised are not considered "owned stock" for the purpose of this policy.

The Committee realizes that time must be allowed to realize this targeted goal, but expects executives and executive officers to achieve such ownership within a three year time frame.

(e) Under current levels of compensation and because certain plans, including grants under stock option plans prior to May 6, 1997, are "grandfathered" under current IRS regulations, the Company is unlikely to be affected by the one million dollar limit set forth in Section 162(m) of the Internal Revenue Code ("the Code") on the deductibility of compensation for purposes of calculating federal income tax. However, with respect to future years, the Committee intends to consider the application of Section 162(m) of the Code to the Company's compensation plans and practices, and will consider possible changes thereto that may be necessary to qualify future compensation paid to executive officers for deductibility under Section 162(m) of the Code to the extent that such changes would be consistent with the Company's compensation philosophy and in the best interests of the Company.

Robert D. Cadieux
Thomas F. Grojean
Robert G. Potter
Paul H. Stepan

THE COMPENSATION AND DEVELOPMENT COMMITTEE

APPOINTMENT OF INDEPENDENT PUBLIC ACCOUNTANTS

Upon the recommendation of its Audit Committee, the Board of Directors has appointed Arthur Andersen LLP ("Andersen"), independent public accountants, auditors for the Company and its subsidiaries for the year 1999. The Board of Directors recommends to the stockholders that the appointment of Andersen as auditors for the Company and its subsidiaries be ratified. If the stockholders do not ratify the appointment of Andersen, the selection of auditors will be reconsidered by the Audit Committee and the Board of Directors. Representatives of Andersen are expected to be present at the Annual Meeting of Stockholders with the opportunity to make a statement, if they desire to do so, and to be available to respond to appropriate questions from the stockholders.

STOCKHOLDER PROPOSALS--2000 ANNUAL MEETING

In order for proposals from Company stockholders to be included in the Proxy Statement and Form of Proxy for the 2000 Annual Meeting in accordance with Securities and Exchange Commission Rule 14a-8, the Company must receive the proposals at its administrative offices at Edens Expressway and Winnetka Road, Northfield, Illinois 60093, no later than December 1, 1999.

A stockholder that intends to present business at the 2000 Annual Meeting other than pursuant to Rule 14a-8 must comply with the requirements set forth in the Company's By-laws. Among other things, to bring business before an annual meeting, a stockholder must give written notice thereof, complying with the By-laws, to the Secretary of the Company not later than 90 days prior to the anniversary date of the immediately preceding annual meeting of stockholders. Therefore, because the 1999 Annual Meeting is scheduled for May 11, 1999, the Company must receive notice of a stockholder proposal submitted other than pursuant to Rule 14a-8 no later than February 11, 2000.

OTHER MATTERS

In connection with any other business that may properly come before the meeting and of which the Board of Directors is not now aware, votes will be cast pursuant to the authority granted by the enclosed Proxy in accordance with the best judgment of a majority of the persons present and acting under the Proxy.

In order to ensure the presence of the necessary quorum at the Annual Meeting, please mark, sign and return the enclosed Proxy card promptly in the envelope provided. No postage is required if mailed in the United States. Even though you sign and return your Proxy card, you are invited to attend the meeting. As noted on the cover, a ticket will be required for admission and a request form is enclosed.

By order of the Board of Directors

JEFFREY W. BARTLETT
Secretary

Northfield, Illinois
March 30, 1999

ADMISSION CARD REQUEST

STEPAN COMPANY
ANNUAL STOCKHOLDERS' MEETING
22 West Frontage Road
Northfield, Illinois 60093
May 11, 1999 at 9:00 a.m.

Admission to Stepan Company's Stockholders' Meeting will be by Admission Card only. Seating is limited and only one admission card will be issued for each stockholder account. To obtain an Admission Card, please complete and return this form in the enclosed envelope. A sequenced and numbered Admission Card will be mailed to you. Please allow at least two weeks for receipt of the Admission Card.

Please complete the information below:

Beneficial Owner: Shares held by	Record Owner
____________________	____________________ Name
____________________	____________________ Street
____________________ Class of Stock: Common Preferred	____________________ City/Town State Zip

STEPAN COMPANY

Annual Meeting of Stockholders to be held May 11, 1999

This Proxy is solicited on behalf of the Company's Board of Directors

I, the undersigned hereby appoints Jeffrey W. Bartlett and Walter J. Klein, or either of them (the "Proxies"), with full power of substitution, to represent and vote all shares that the undersigned is entitled to vote at the annual meeting of stockholders of STEPAN COMPANY on May 11, 1999, or at any adjournment thereof.

This proxy when properly executed will be voted in the manner directed herein. If no direction is made, this proxy will be voted FOR proposals 1, 2 and 3, set forth below.

1. Election of Directors, Nominees: Thomas F. Grojean, James A. Hartlage and F. Quinn Stepan, Jr.
2. Approval of an amendment to the Company's Certificate of Incorporation to increase the authorized Common Stock of the Company to 30,000,000 shares.
3. Ratification of the appointment of Arthur Andersen LLP as independent auditors for the Company for 1999.

In their discretion the Proxies are authorized to vote on such other business as may properly come before the meeting.

PLEASE MARK, SIGN, DATE AND MAIL THE PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE.

(Continued and to be signed on reverse side.)

The Board of Directors recommends a vote "FOR" 1, 2 and 3.

		For	Withhold
1.	Election of Directors- Nominees: Thomas F. Grojean, James A. Hartlage and F. Quinn Stepan, Jr.	[_]	[_]

For (Except withhold for nominee(s) written below).

[_] ____

		For	Against	Abstain
2.	Approval to increase authorized shares of Common Stock.	[_]	[_]	[_]
3.	Ratification of independent auditors.	[_]	[_]	[_]

Dated:______________________________, 1999

Signature(s)_____________________________

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Please date and sign exactly as your name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such.

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. FOLD AND DETACH HERE .

PLEASE VOTE, SIGN, DATE AND RETURN THIS PROXY FORM PROMPTLY USING THE ENCLOSED ENVELOPE.