



**OPERATIONAL
EXCELLENCE**

INNOVATION

**STRATEGIC
INVESTMENTS**

Stepan at a Glance

SURFACTANTS

A surfactant is a surface active agent that changes a liquid's surface tension. Surfactants are the basic cleaning agent in consumer and industrial cleaning products such as detergents for washing clothes, dishes, carpets, floors, walls, as well as shampoos, body washes and toothpastes. Other applications include fabric softeners, lubricating ingredients, emulsifiers for spreading agricultural products, and industrial applications such as latex systems, plastics and composites.

Total surfactant sales represent 67 percent of Stepan's 2014 sales or \$1,296,638,000 versus \$1,317,164,000 in 2013. The decrease in sales was due to an 8 percent decline in sales volume, partially offset by higher average selling prices.

Domestic surfactant operations, representing 57 percent of surfactants, recognized a \$9.7 million, or 1 percent, decrease in sales on an 11 percent decline in sales volume. Foreign operations representing 43 percent of surfactants, reported a \$10.8 million, or 2 percent, decrease in sales due to a 4 percent decline in sales volume.

POLYMERS

The polymer product group includes polyester polyols and phthalic anhydride. Polyurethane polyols are used in the manufacture of rigid polyurethane foam for thermal insulation in the construction industry. Stepan's polyols are also a raw material for coatings, adhesives, sealants and elastomer applications. Phthalic anhydride is used in polyester resins, alkyd resins, and plasticizers for applications in construction materials and components of automotive, boating, and other consumer products. Approximately 46 percent of the Company's phthalic anhydride is utilized internally in the production of our polyol products.

Polymer sales represent 29 percent of 2014 sales, or \$550,966,000 versus \$483,361,000 in 2013, an increase of 14 percent. Increase in sales volume and higher average selling prices led to the increase in net sales.

SPECIALTY PRODUCTS

Specialty products include flavors, emulsifiers and solubilizers used in the food and pharmaceutical industry. Sales for specialty products for 2014 were \$79,609,000 versus \$80,261,000 for 2013, a decrease of 1 percent. Specialty products represent 4 percent of net sales.

Production Facilities

Anaheim, California
Columbus, Georgia
Fieldsboro, New Jersey
Maywood, New Jersey
Millsdale, Illinois
Winder, Georgia
Longford Mills, Ontario, Canada
Manizales, Colombia
Matamoros, Mexico
Vespasiano, Brazil
Stalybridge, United Kingdom
Voreppe, France
Wesseling, Germany
Wroclaw, Poland
Bauan, Batangas, Philippines
Nanjing, China (2016)
Singapore

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Financial Highlights

(In thousands, except per share and stockholder amounts)

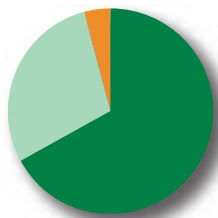
	2014	2013	% Change (2014 vs. 2013)	2012	% Change (2013 vs. 2012)
Net Sales	\$ 1,927,213	\$ 1,880,786	+ 2	\$ 1,803,737	+ 4
Net Income Attributable to Stepan Company	57,101	72,828	- 22	79,396	- 8
Per Diluted Share	2.49	3.18	- 22	3.49	- 9
Percent of Net Sales	3.0%	3.9%	- 23	4.4%	- 11
Percent Return on Average Equity	10.5%	14.1%	- 26	18.0%	- 22
Depreciation and Amortization	63,804	56,400	+ 13	51,294	+ 10
Capital Expenditures	101,819	92,865	+ 10	83,159	+ 12
Dividends Per Common Share	\$ 0.69	\$0.65	+ 6	\$0.58	+ 12
Working Capital	326,043	339,557	- 4	275,911	+ 23
Current Ratio	2.3	2.3	-	2.1	+ 10
Long-Term Debt, Less Current Maturities	246,897	235,246	+ 5	149,564	+ 57
Total Stepan Company Stockholders' Equity	535,546	552,286	- 3	478,985	+ 15
Total Stepan Company Stockholders' Equity Per Share	24.06	24.73	- 3	20.81	+ 19
Average Common Shares Outstanding (Diluted)	22,917	22,924	-	22,730	+ 1
Number of Stockholders	1,618	1,547	+ 5	1,483	+ 4

Stock Information

New York Stock Exchange,
symbol SCL

	2014	2013
Stock Price Range	\$ 36.34-66.47	\$ 52.34-67.20
Dividend (Common)	\$ 0.69	\$ 0.65
Earnings Per Diluted Share	\$ 2.49	\$ 3.18
Return on Equity	10.5%	14.1%
Book Value	\$ 24.06	\$ 24.73
Shares Outstanding	22,255,647	22,332,620

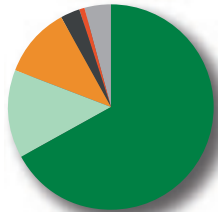
Information in this annual report contains forward looking statements which are not historical facts. These statements involve risks and uncertainties that could cause actual results to differ materially, including without limitation, cash flow, prospects for our foreign operations, and certain global and regional economic conditions and probability of future acquisitions and new products, and factors detailed in the Company's Securities and Exchange Commission filings.



2014 Segment Sales

(dollars in thousands)

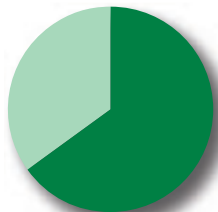
Surfactants	\$1,296,638
Polymers	\$550,966
Specialty Products	\$79,609



2014 Sales Dollar Distribution

(dollars in thousands)

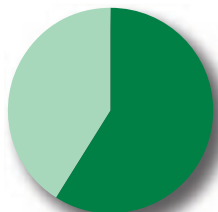
Material	\$1,283,753	67%
Other Expenses	\$295,582	14%
Payroll & Fringes	\$208,519	11%
Depreciation & Amortization	\$63,804	3%
Income Taxes	\$18,454	1%
Net Income	\$57,101	4%



2014 Long Lived Assets

(dollars in thousands)

United States	\$360,921
Others	\$195,579

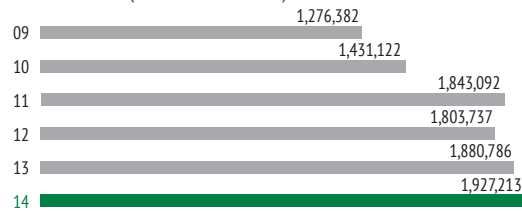


2014 Global Sales

(dollars in thousands)

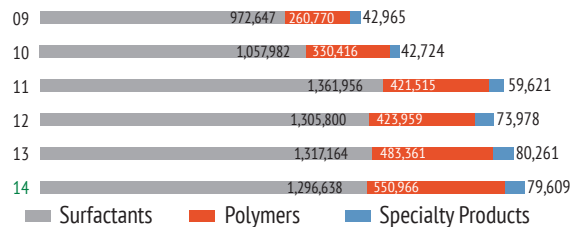
United States	\$1,146,405
Others	\$780,808

Net Sales (dollars in thousands)



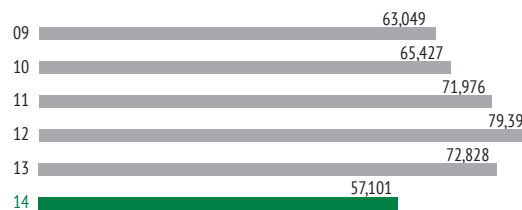
Compound Annual Growth Five Years + 9

Segment Sales (dollars in thousands)



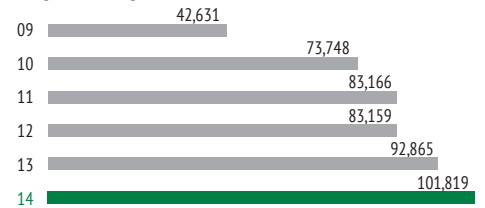
Net Income Attributable to

Stepan Company (dollars in thousands)



Compound Annual Growth Five Years - 2

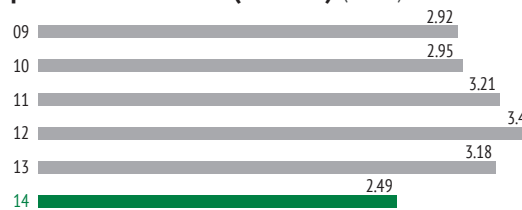
Capital Expenditures (dollars in thousands)



Compound Annual Growth Five Years + 19

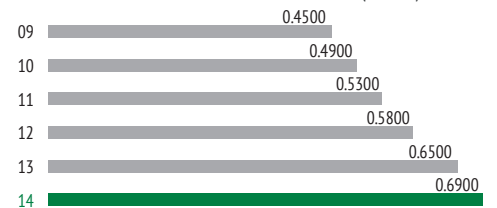
Net Income Attributable to Stepan Company

per Common Share (Diluted) (dollars)



Compound Annual Growth Five Years - 3

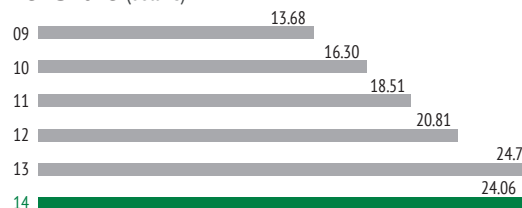
Dividends Per Common Share (dollars)



Compound Annual Growth Five Years + 9

Total Stepan Company Equity

Per Share (dollars)



Compound Annual Growth Five Years + 12

Dear Fellow Shareholders

2014 was a disappointing year for Stepan Company. Significantly lower results in our Surfactant business were only partially offset by record results in our Polymer business. Surfactant results were impacted by lower demand for commodity anionic surfactants within Consumer Products, compounded by some operational difficulties. Record Polymer results were driven by greater energy conservation efforts globally and growing specialty resin and polyol volumes. Investments were made in 2014 to improve plant operations, to expand capabilities for an improved product mix, as well as to extend our business in emerging markets. Actions were taken to reduce cost, improve efficiency and increase profitability in 2015 and beyond. We believe strategic investments, innovation and operational excellence are keys to our future success and that we are well positioned to re-establish earnings momentum in 2015.

In 2014, net income declined 22 percent to \$57.1 million, or \$2.49 per diluted share, while adjusted net income declined 23 percent to \$57.7 million or \$2.52 per diluted share. Net sales were essentially flat with the previous year at \$1.9 billion on a 4 percent decrease in volume. The harsh North American winter in 2014 had a significant impact on our operations and required unplanned maintenance and transportation expenditures.

In 2014, the Company invested \$102 million in capital to improve reliability and efficiency, as well as to expand capabilities with significant growth projects in progress in Brazil, China, Europe and the United States. Stepan continues to invest in Brazil anticipating increasing surfactant volumes in the consumer and agricultural markets. The Company is constructing a new polyol plant in Nanjing, China, which we anticipate to be operational in the first quarter of 2016. New specialty resin and polyol capacity will be added in Europe and the United States. In July, we announced a feasibility study for a new investment in alkoxylation on the Gulf Coast of the United States, which will leverage low cost natural gas. If approved by the Stepan Board of Directors, this \$60-\$70 million project could begin construction in the fourth quarter of 2015.

A strong balance sheet, that enables the Company to make investments to grow and improve our performance, remains a priority.

Our long-term strategy remains focused on executing a balanced approach between supplying high volume anionic surfactants and rigid polyols which provide economies of scale to baseload our operations and supplying specialty products used in higher value-added applications to the same end markets or near adjacencies. Geographic expansion is pursued where we believe we can establish the appropriate economies of scale, complimented by value-added end market opportunities. Operational excellence is used to meet customer requirements, improve efficiency and reduce costs.

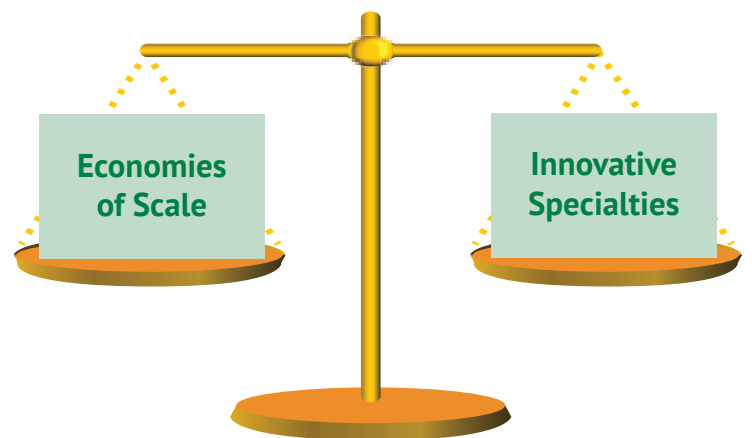
Our Surfactant segment generated \$60.8 million of operating income in 2014, a 39 percent decline from 2013, on sales of \$1.3 billion. Several factors led to the earnings decrease, including lower commodity anionic volumes sold to the consumer product market, lower agricultural demand and operational difficulties that led to higher maintenance and freight costs. In North America, reformulation of laundry products reduced overall demand and allowed some customers to meet their requirements internally, rather than buying from Stepan. We are aggressively pursuing opportunities to increase our capacity utilization.

The global agricultural market was weaker than expected, as it was impacted by severe weather in North America and drought conditions in Brazil, as well as lower commodity prices. 2015 market conditions are expected to improve and Stepan's results should benefit from greater adoption of our environmentally friendly solvent line. Significant investments were made in our plants to improve operations and reduce costs; specific projects include rebuilding a large part of our Anaheim sulfonation plant and our Millsdale alkoxylation plant. These, and other projects, will lead to lower maintenance and freight costs in 2015.

Anionic volumes are growing in Brazil as the market transitions from laundry bars to powders to liquids with greater surfactant use with each step. To meet this projected demand, we have built a new customer service laboratory in São Paulo. In addition, we are adding a second neutralizer at Vespasiano and finalizing the purchase of a 30,000 metric ton sulfonation plant in Bahia, Brazil. Winning in Brazil remains a strategic priority for Stepan.

Our European Surfactant business continues to strengthen, diversify and it delivered record profits within the region. A new Research and Development facility was dedicated on September 23, 2014, which will enhance our capabilities to deliver innovation for our customers.

Our Enhanced Oil Recovery (EOR) team participated in six pilot and/or commercial floods in 2014. These floods are key to successful commercialization of this technology to recover more



Executing a balanced approach

oil from depleted reservoirs. Although EOR is challenged by the lower current oil prices, we remain optimistic about our prospects in EOR. Stepan also participates in the market for production chemicals and this represents about 75% of our current non-EOR sales to the oil field market.

STEPSOL® MET-10U was the first commercial product launched by Stepan as part of its joint development agreement with Elevance Renewable Sciences, Inc. This environmentally friendly surfactant is capable of replacing less sustainable solvents in a wide range of high performance cleaning end uses.

The Polymer group delivered another record year, generating \$60.7 million of operating income, an increase of 11 percent over 2013. Sales were \$551 million, up 14 percent from 2013, driven by increased demand resulting from higher insulation standards, increased penetration in the metal panel business and growth in coatings, adhesives, sealants and elastomers (CASE).

The rigid foam business continued to benefit from the macro trend of greater use of insulation, positively impacting sales in North America and Europe. In addition to the flat roof and low-slope applications, we saw an increase in metal panel use in vertical applications such as walls, especially in Europe.

Our newly acquired plant in Columbus, Georgia, provides Stepan with manufacturing assets that allow us to increase our presence in the CASE and polyurethane systems house (PUSH) polyol markets. 2014 volumes grew 30 percent on a comparable basis, and the acquisition delivered \$9 million of operating income. Our manufacturing team de-bottlenecked the Columbus plant and expanded capacity by 25%. We anticipate adding a new reactor in Columbus in 2015 and also a new reactor in Poland to support CASE growth.

The construction of our new 50,000 metric ton capacity polyol plant in Nanjing, China, continues as we supply China today from other Stepan facilities and local toll sources.

Phthalic anhydride volumes sold into the merchant market were essentially flat versus the previous year. Profitability was negatively impacted by a large customer bankruptcy.



F. Quinn Stepan, Jr.

F. Quinn Stepan

Overall, we continue to be optimistic about our Polymer segment.

Specialty Products contributed \$10 million of operating income on \$80 million in sales. Higher conjugated linoleic acid (CLA) volumes in North America offset lower volume of medium-chain triglycerides (MCT) products used in functional foods and pharmaceutical products.

In the second quarter, we initiated a program using internal and external resources called DRIVE; **D**eliver income targets through disciplined project management; **R**ebalance resources to accelerate growth; **I**nvest for the future; **V**alue creation for our shareholders, and **E**fficient cost-effective organization. In 2015, we expect to generate \$8 million of net income from DRIVE through specific actions to improve margins and lower costs, with opportunity for additional savings in the future.

Stepan Company enjoys the support of loyal, intelligent and dedicated employees around the world. Our employees believe in what they are doing and stand as partners with one another in meeting new challenges and capturing opportunities for the Company. We are very proud of our employees and are confident we can achieve our economic goals.

With over thirty years of dedicated service, John V. Venegoni, Vice President and General Manager, Surfactants, retired effective September 5, 2014. We thank John for his leadership as he led the growth of our Surfactant business from \$480 million to \$1.3 billion in sales since his appointment in 1999. John created a strong global team and a strategy which positioned the business for future growth. We were pleased to promote Scott R. Behrens to Vice President and General Manager, Surfactants. Scott has been with Stepan for two decades and previously served in Surfactants as Vice President, Business Management.

In October, our Board of Directors declared a 6 percent increase in the Company's cash dividend. The increase brings Stepan's annual dividend to \$0.72 per share and marks the 47th consecutive year in which Stepan has increased the quarterly dividend rate on its common stock.

We are confident that the investments we are making in new capacities, improved plant operations and innovation will deliver meaningful results in 2015 and beyond. We intend to restore earnings growth and deliver value to you, our shareholders.

Thank you for your investment in Stepan.

A handwritten signature in black ink that reads "F. Quinn Stepan".

F. QUINN STEPAN
CHAIRMAN

A handwritten signature in black ink that reads "F. Quinn Stepan, Jr." with a stylized flourish at the end.

F. QUINN STEPAN, JR.
PRESIDENT AND CHIEF EXECUTIVE OFFICER



CORE COMPONENTS OF STEPAN'S STRATEGY

WE ARE GOOD AT WHAT WE DO, BUT WE MUST CONTINUE TO BE BETTER. BY FOCUSING ON THE NEEDS OF THE CUSTOMER, EMPOWERING EMPLOYEES AND OPTIMIZING EXISTING ACTIVITIES, WE ARE CONFIDENT THAT WE WILL RE-ESTABLISH EARNINGS MOMENTUM.

THE COMPONENTS OF THE STEPAN STRATEGY

The Company's global reach and broad product offerings for our customers are made possible by our dedicated team of over 2,000 employees who adhere to a strategy which capitalizes on our core competencies and is aligned with important macro-economic trends. We believe it is important to have a balance between opportunities that provide economies of scale and those that provide innovative solutions for our customers.

Our Strategy consists of four pillars:

- 1) Technical and market leadership
- 2) Improving the mix of end markets and products through innovation
- 3) Geographic expansion
- 4) Operational excellence

TECHNICAL AND MARKET LEADERSHIP

Stepan is a world-class manufacturer of surfactants and polymers. An important aspect of our strategy is to use high volume products to baseload our operations and to provide economies of

scale for production. Once this is established, we add capabilities to our sites to produce specialty products that offer unique solutions to our customers, such as those used in functional applications for surfactants and/or to extend core chemistries into adjacent markets, such as polyols into coatings, adhesives, sealants and elastomers (CASE) applications.

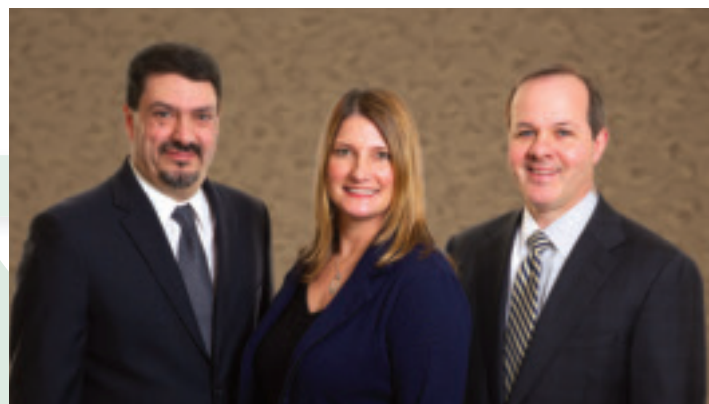
WE ADD CAPABILITIES TO OUR SITES TO PRODUCE SPECIALTY PRODUCTS THAT OFFER UNIQUE SOLUTIONS TO OUR CUSTOMERS

Stepan produces surfactants that serve the laundry and personal care consumer end markets in North America, Europe and in emerging regions. Stepan also produces surfactants sold into household, institutional and industrial end markets directly and sells through our distributor partners to many market segments.

Surfactants used to make laundry products remain one of the highest volume businesses in our portfolio. Surfactant use per laundry load in North America is expected to stabilize after declining significantly over the last ten years, due mostly to greater use of enzymes, concentrates and customer reformulations. Conversely, surfactant demand in most emerging regions is increasing as laundry products transition from bars to powders to liquids. Surfactants are also used in shampoos, body and hand washes. Consumer preference for improved hygiene and liquid cleaning products versus bar soaps will create additional market demand for surfactants in personal care applications. Select global investment in commodity anionic surfactant capacity can be attractive.

Our Polymer business is focused on developing market leading technology for polyester polyols used in the manufacture of polyurethane foam insulation. Stepan is currently a leading supplier of aromatic polyester polyols in the United States, Europe and China. In all three regions, there is a well established trend toward increased usage of insulation in order to decrease the amount of energy consumed to heat and cool buildings. This trend is being driven by a steady progression of new building codes with increasingly strict standards for energy efficiency. In the United States, for example, thirty one states have amended their building codes during the last four years to increase the standard for insulation performance. Polyurethane foam insulated panels are providing contractors, architects and building owners with an attractive solution to meet new standards by providing superior insulation performance, robust physical properties and excellent value. We look forward to the continuation of this trend of increasing demand for polyurethane insulated panels and aromatic polyester polyols.

To support these efforts Stepan is investing in our core competencies around the world. In 2014, the Company invested more than ever before in Company history. The goal is to have the



Members of the CASE team: Patrick Saab – Global Business Manager, Specialty Polyols; Laura Schreiner – Senior R&D Manager; Art Mergner – Vice President and General Manager, Polymers

complete set of capabilities to produce a portfolio of products that maximizes economies of scale while allowing Stepan to produce more specialized products from that asset base.

IMPROVING MIX

With consumer product surfactants and rigid polyols serving as high volume products, the Company is positioned to increase sales into higher value end markets such as functional surfactants and CASE polyols. Within functional surfactants, global agriculture remains a particularly attractive area for growth. Demand for food will require an increase in crop production to feed a world population that will grow from seven billion to nine billion over the next 25 years. At the same time, a growing middle class will demand more protein, which in turn requires increased levels of feed grains for livestock. These dynamics will drive the need to deliver higher crop production efficiencies from a finite amount of arable land on earth. Chemistry, utilizing surfactants and solvents, will be a significant part of the solution to this important problem.



STEPOSOL MET 10-U Introduction Team: Ron Masters – Research Associate; Scott Behrens – Vice President and General Manager, Surfactants; Catherine Rémy – Sales Director - Global Accounts; Nathan Shook – Sales Manager, US Distribution

The Company continues our initiatives in Enhanced Oil Recovery (EOR) technology and the broader oil field category. EOR utilizes surfactants to recover trapped crude oil from existing reservoirs. In 2014, Stepan and our TIORCO joint venture participated in six commercial and/or pilot floods as operating income from EOR improved \$5 million. Although EOR may be challenged by the current lower oil price, we remain optimistic about our prospects in the broader, non-EOR oilfield applications in 2015, as 75 percent of our chemicals are used in production as opposed to exploration and development.

In 2013, Stepan acquired a polyol plant in Columbus, Georgia which has the capability to produce a broad portfolio of polyester polyols for CASE and polyurethane system house (PUSH)

**CAPABILITY TO PRODUCE A BROAD
PORTFOLIO OF POLYESTER
POLYOLS IS AN IMPORTANT
DIVERSIFICATION AND PROVIDES
FOR FUTURE GROWTH**

applications. This capability is an important diversification for our Polymers business and provides avenues for future growth into the coating, adhesives and elastomer markets. In 2014, this business delivered \$9 million in operating income.

Innovation continues to be a key driver for improving our end market and product mix. Within Surfactants, development efforts have been focused on new products for agricultural, hard surface cleaning, oilfield and personal care applications. In March, Stepan introduced a powerful new cleaning solution called STEPOSOL® MET-10U, a commercial cleaning solution intended to be an environmentally friendly alternative to solvents. The product can be used as a household cleaner, an adhesive remover or a paint remover, and is the first commercial product introduced from our development efforts with Elevance Renewable Sciences, Inc.

GEOGRAPHIC EXPANSION

While the North American Surfactant business is significant, expanding geographically in a measured way enables Stepan to serve regions with faster growing economies and a rising middle class. Stepan chooses to only expand into geographic regions which support the first two pillars of our strategy. In short, the market must have higher volume applications to provide economies of scale and significant opportunities to grow value-added businesses.

Stepan is investing in Brazil, because it offers surfactant opportunities in both consumer product and functional end markets. Brazil is the fifth most populous country in the world and has a large and growing middle class. As the middle class purchases more white goods such as laundry machines, consumers increasingly use laundry powders and liquid detergents that contain higher concentrations of surfactants. Brazil is the second largest hair care market in the world, and it may become the world's largest agricultural market.

**BRAZIL OFFERS SURFACTANT
OPPORTUNITIES IN BOTH
CONSUMER PRODUCT AND
FUNCTIONAL END MARKETS**

In agricultural applications, surfactants and solvents play several critical roles, including stabilizing formulations, improving the efficiencies of application to the fields, and enhancing the effectiveness of the pesticides at the plant surface. Brazil currently has more farmable land than any other country besides the United States. We are installing a second neutralizer at our existing site in Vespasiano and anticipate completing the acquisition of a 30,000 metric ton sulfonation plant in Bahia, Brazil. The production capacity expansions, as well as the newly expanded laboratory facility in São Paulo, position Stepan to “Win in Brazil”.

In our Philippines location, we are installing additional capability to produce amphoteric surfactants, which will meet demand for both our Consumer and Functional product businesses. We anticipate this new capability will come online in the second quarter of 2015.



Brazil: Adriano Galimberti, General Manager; Isis Filippi, Sales Development; Wagner Braga, Latin America Supply Chain Director; Maria Silvia Marelli, R&D Senior Manager; and Eduardo Couto, Commercial Director

We are de-bottlenecking our production facility in Voreppe, France to free up capacity to further pursue additional demand in the functional markets. The new Research and Development laboratory in Voreppe opened in the third quarter of 2014 and gives Stepan a state-of-the-art facility from which we can develop innovative solutions for our customers.

In Europe Polymers, a new reactor is planned for our Wroclaw, Poland plant which will supply CASE customers throughout the region. In China, we have begun to construct a new 50,000 metric ton polyol plant in Nanjing, which is on track to begin producing in the first quarter of 2016. Within China, the challenges presented by large scale urbanization, poor environmental conditions and excessive energy use should drive demand for our polyols.

New Research and Development facilities in Europe, Latin America and Asia will increase our capability to provide best-in-class global customer technical service, which will support growth in all regions.

OPERATIONAL EXCELLENCE

Stepan maintains a leading position as a manufacturer of surfactants and polymers, and over the last decade we have greatly expanded our global footprint. Today, we operate 17 manufacturing sites in 12 countries. Stepan is committed to



Mathieu Pepin – R&D Product & Application Technical Group Manager; F. Quinn Stepan – Chairman



New Research and Development facility in Voreppe, France, dedicated in 2014

optimizing our manufacturing footprint and our cost structure to improve profitability.

During the second quarter we launched a formal program, DRIVE, to improve efficiency across the Company. DRIVE utilizes internal and external resources, and takes a fresh look across all levels of our operations to understand opportunities for greater efficiency and improved returns. It instills greater rigor and discipline and institutionalizes policies and processes that ensure we will more effectively manage all aspects of our operations. Executing DRIVE should further enable Stepan to re-establish earnings momentum.

We are good at what we do, but we must continue to be better. By focusing on the needs of the customer, empowering employees and optimizing existing activities, we are confident that we will re-establish earnings momentum.



Deb Stefaniak – Vice President, Business Transformation

DRIVE

DELIVER INCOME TARGETS THROUGH DISCIPLINED PROJECT MANAGEMENT

REBALANCE RESOURCES TO ACCELERATE GROWTH

INVEST FOR THE FUTURE

VALUE CREATION FOR OUR SHAREHOLDERS

EFFICIENT COST EFFECTIVE ORGANIZATION

Using Stepan Products

Consumer and Industrial Products

Laundry & Cleaning

All-purpose cleaners • Bathroom cleaners • Carpet steam extraction • Carpet shampoos • Car wash detergents • Car wash spray wax emulsifiers • Cooling tower biocides • Dishwashing detergents • Disinfectants and sanitizers • Drain cleaners • Dry cleaning detergents • Fabric softener dryer sheets •



Fine fabric washes • General disinfectants • Hand and dish disinfection • Hard surface cleaners • Hard surface disinfection for food preparation areas • Hospital disinfectants and sanitizers • Industrial floor cleaners • Industrial food processing disinfection • Laundry, commercial and textile softeners • Laundry detergents • Laundry prespotters • Laundry sanitization • Metal cleaning emulsifiers • Rug shampoos • Sanitizers • Sanitization and deodorization of bath and laundry areas • Solvent degreasers • Swimming pool and hot tub algicides, slimicides and fungicides • Upholstery shampoos • Window cleaners

Personal Care

After-shave lotions • Anti-bacterial handsoaps • Anti-dandruff shampoos • Baby shampoos • Bar soaps • Bath oils • Bath products • Body washes • Bubble baths • Cleansing creams • Combo bars • Conditioning shampoos • Dentifrices • Facial preparations • Glosses • Hair conditioners • Hair rinses • Leave-on conditioners • Liquid hand soaps • Make-up preparations • Medicated ointments • Moisturizers •



Mousses • Ointments • Personal care cleansing preparations • Pre-shave lotions • Shampoos • Shaving creams • Skin creams • Skin lotions • Sunscreen products • Suppositories • Styling aids • Syndet bars

Industrial Surfactants

Adhesives • Architectural coatings • Biodiesel fuels • Carpet backing • Caulk • Concrete • Drawing and forming compounds • Drilling foamers • Drywall joint compound • Dust control foam • Engine lubricants • Enhanced oil recovery • Firefighting foam • Foam markers • Gypsum board • Herbicides, fungicides, insecticides • Industrial paints • Inks • Landfill cover • Leather finishes • Non-woven binders • Oil emulsifiers • Oil well bactericides • Oil well corrosion inhibitors • Packaging • Paper coatings • Paper de-inking • Pesticide adjuvants • Pigments • Plastics • Sealants • Scouring, levelling, coupling, wetting, bleaching and dyeing assistants • Textile coatings • Textile lubricants • Vinyl flooring



Polymers

Appliances: Refrigerators, freezers, water heaters • Automotive: Upholstery, interior trim, crash pads, floor mats, hoses, refrigerated trailer insulation, RV panels, instrument panels • Bath fixtures: Bathtubs, shower stalls, lavatories, spas, laundry tubs, tub and spa insulation • Construction: Resilient floors, wall coverings, pool liners, FRP panels, swimming pools, concrete forming pans, gutter/downspouts, cooling towers, mobile homes, rigid insulation, insulated pipes, window frames, architectural molding • Elastomers: Thermobreaks for metal thresholds and windows, engineering plastics, caster wheels, mobile electronic devices • Electrical: Wire and cable insulation, electrical tape, transmission hardware, circuit boards, switchgear housing, potting compounds, computer components • Furniture: Adhesives, flexible cushions, lawn and garden furniture, office cabinets, lighting components, chairs and tables



• Household goods: Footwear, toys, luggage, book bindings, garden hoses, outerwear, tablecloths, shower curtains, upholstery, lawn mowers, snow blowers, locks • Insulations: Residential sheathing, commercial/ industrial roofing, building panels, spray-applied polyurethane foam insulation, decorative molded parts and displays • Marine: Boat hulls, deck hardware, floatation, motor covers, mooring buoys • Medical: Intravenous bags, medical tubing, prostheses, implants, pharmaceutical coatings • Packaging: Meat and produce film, bottles and containers, packaging foam • Paints/ coatings: Industrial and residential paints, polyurethane coatings, traffic paints, powder coatings • Recreation: Picnic cooler insulation, bowling balls, sporting equipment, taxidermy • Sealants: Expanding sealants in a can, two component polyurethanes

Food & Pharmaceutical Ingredients

Confections • Energy bars and drinks • Flavors • Nutritional beverages • Nutritional supplements • Pharmaceutical excipients



Five Year Summary

(In thousands, except per share and employee data)

For the Year	2014	2013	2012	2011	2010
Net Sales	\$1,927,213	\$1,880,786	\$1,803,737	\$1,843,092	\$1,431,122
Operating Income	90,694	109,153	128,716	118,456	107,897
Percent of Net Sales	4.7%	5.8%	7.1%	6.4%	7.5%
Income Before Provision for Income Taxes	75,535	95,630	115,722	104,894	101,479
Percent of Net Sales	3.9%	5.1%	6.4%	5.7%	7.1%
Provision for Income Taxes	18,454	23,293	36,035	32,292	35,888
Net Income Attributable to Stepan Company	57,101	72,828	79,396	71,976	65,427
Per Diluted Share ^(a) ^(b)	2.49	3.18	3.49	3.21	2.95
Percent of Net Sales	3.0%	3.9%	4.4%	3.9%	4.6%
Percent to Total Stepan Company Stockholders' Equity ^(c)	10.5%	14.1%	18.0%	19.2%	20.5%
Cash Dividends Paid	15,387	14,474	12,757	11,513	10,570
Per Common Share ^(a)	0.6900	0.6500	0.5800	0.5300	0.4900
Depreciation and Amortization	63,804	56,400	51,294	47,099	40,351
Capital Expenditures	101,819	92,865	83,159	83,166	73,748
Weighted-average Common Shares Outstanding (Diluted) ^(a)	22,917	22,924	22,730	22,440	22,180

As of Year End

Working Capital	\$326,043	\$339,557	\$275,911	\$246,516	\$222,199
Current Ratio	2.3	2.3	2.1	2.1	2.1
Property, Plant and Equipment, net	524,195	494,042	422,022	383,983	353,585
Total Assets	1,162,014	1,167,202	985,478	901,118	811,431
Long-term Debt Obligations, Less Current Maturities	246,897	235,246	149,564	164,967	159,963
Total Stepan Company Stockholders' Equity	535,546	552,286	478,985	401,211	349,491

^(a) Comparative historical data reflects the two-for-one common stock split that was effective December 14, 2012.

^(b) Based on weighted-average number of common shares outstanding during the year.

^(c) Based on average equity.

The selected financial data included herein has not been audited. The information was derived from the Company's audited financial statements for the respective years, which were presented in accordance with accounting principles generally accepted in the United States of America and which were audited in accordance with the standards of the United States Public Company Accounting Oversight Board. Copies of the full consolidated financial statements and of the independent registered public accountants' report that expressed an unqualified opinion (dated February 27, 2015) are included in the Company's 2014 Annual Report on Form 10-K filed with the United States Securities and Exchange Commission, which is available on request or via Website at www.stepan.com.

Quarterly Financial Data

(Dollars in thousands, except per share data)

Quarter	2014				
	First	Second	Third	Fourth	Year
Net Sales	\$ 477,442	\$504,111	\$491,429	\$454,231	\$1,927,213
Gross Profit	63,024	71,589	65,099	49,851	249,563
Operating Income	22,523	36,914	22,253	9,004	90,694
Interest, net	(2,957)	(3,021)	(2,846)	(2,617)	(11,441)
Income Before Income Taxes	18,089	33,206	18,228	6,012	75,535
Net Income	13,008	24,368	13,480	6,225	57,081
Net Income Attributable to Stepan Company	13,018	24,353	13,491	6,239	57,101
Per Diluted Share	0.57	1.06	0.59	0.27	2.49

Quarter	2013				
	First	Second	Third	Fourth	Year
Net Sales	\$ 456,546	\$474,445	\$475,466	\$474,329	\$1,880,786
Gross Profit	72,700	73,707	74,341	60,937	281,685
Operating Income	28,294	35,869	31,085	13,905	109,153
Interest, net	(2,179)	(2,329)	(2,987)	(2,863)	(10,358)
Income Before Income Taxes	25,273	32,200	27,847	10,310	95,630
Net Income	18,997	22,654	20,149	10,537	72,337
Net Income Attributable to Stepan Company	19,034	22,742	20,402	10,650	72,828
Per Diluted Share	0.83	0.99	0.89	0.46	3.18

Quarterly Stock Data

Quarter	Stock Price Range Per Share				Dividends Paid Per Common Share	
	2014 High	2014 Low	2013 High	2013 Low	2014	2013
First	\$65.14	\$59.49	\$64.99	\$55.43	\$0.17	\$0.16
Second	\$66.47	\$51.17	\$63.27	\$52.34	\$0.17	\$0.16
Third	\$53.91	\$44.38	\$59.98	\$55.51	\$0.17	\$0.16
Fourth	\$46.85	\$36.34	\$67.20	\$56.06	\$0.18	\$0.17
Year	\$66.47	\$36.34	\$67.20	\$52.34	\$0.69	\$0.65

Corporate Directors & Officers

Board of Directors



F. Quinn Stepan
Chairman



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



Michael R. Boyce
Chairman and Chief Executive
Officer, PQ Corporation, a global
specialty chemical and catalyst
company, Malvern, Pennsylvania



Randall S. Dearth
Chairman, President and Chief
Executive Officer, Calgon Carbon
Corporation, a global manufacturer
of activated carbon and innovative
treatment systems, Pittsburgh,
Pennsylvania



Joaquin Delgado, PhD
Executive Vice President, Health
Care Business Group, 3M Company,
a global diversified technology
company, St. Paul, Minnesota

Officers

F. Quinn Stepan
Chairman

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

Scott D. Beamer
Vice President and
Chief Financial Officer

Scott R. Behrens
Vice President and General Manager,
Surfactants

Scott C. Mason
Vice President, Supply Chain

Arthur W. Mergner
Vice President and General Manager,
Polymers

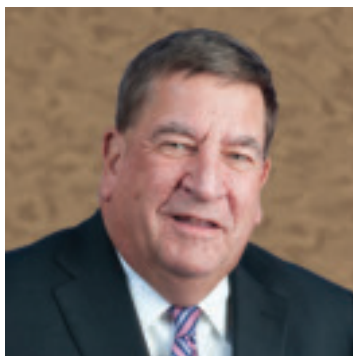
Frank Pacholec, PhD
Vice President, Research and
Development and Corporate
Sustainability Officer

Gregory Servatius
Vice President, Human Resources

Kathleen O. Sherlock
Deputy General Counsel and
Assistant Secretary



Gregory E. Lawton
Former President and Chief Executive
Officer, JohnsonDiversey, Inc., a
global provider of cleaning and
hygiene solutions to the institutional
and industrial marketplace,
Sturtevant, Wisconsin



Edward J. Wehmer
President and Chief Executive Officer,
Wintrust Financial Corporation, a
financial services company,
Rosemont, Illinois

Corporate Information

Departmental Vice Presidents

Business Transformation and Corporate Development

Jeffrey E. Grahn

Vice President, Transformation Initiatives

James S. Pall

Vice President, Corporate Development

Debra A. Stefaniak

Vice President, Business Transformation

Finance

Matthew J. Eaken

Vice President and Corporate Contoller

Manufacturing

Robert S. Mangold

Vice President, North American Supply Chain

Gary M. Traverso

Vice President, Asia Supply Chain and China Project

Polymers

Michael A. McCurrie

Vice President, Americas

Roger Stubbs

Vice President, Europe

Purchasing

Kyle Montgomery

Vice President, Procurement

Richard H. Wehman, Jr.

Vice President, Strategic Purchasing

Research and Development

Matthew I. Levinson, PhD

Vice President, Global Process Development

Paul Neill, PhD

Vice President, Polymers

Robert V. Slone, PhD

Vice President, Surfactants Product Development

Specialty Products

Robert J. Peacock

Vice President and General Manager

Surfactants

Charles A. Brown

Vice President, Latin America

John Hall

*Vice President and General Manager,
Stepan Asia Pacific*

Anthony Martin

Vice President, Europe

Sean T. Moriarty

Vice President and General Manager, North America

Mark F. Mydlach

Vice President, Sales

Todd A. Nelmark

Vice President, Commercial Development

Independent Registered Public Accounting Firm

Deloitte & Touche LLP, Chicago, Illinois

Transfer Agent and Registrar

Computershare

P.O. Box 30170

College Station, TX 77842-3170

800-446-2617

Contact the Registrar and Transfer Agent concerning stock certificates, dividend checks, transfer of ownership, or other matters pertaining to your stock account.

Stock Listing

New York Stock Exchange: SCL

Investor Relations

Scott D. Beamer

847.446.7500

Form 10-K

Copies of the Company's annual report on Form 10-K, filed with the Securities and Exchange Commission, will be available without charge to stockholders and interested parties upon written request to the Secretary of the Company or may be obtained on our Website at www.stepan.com

Annual Meeting

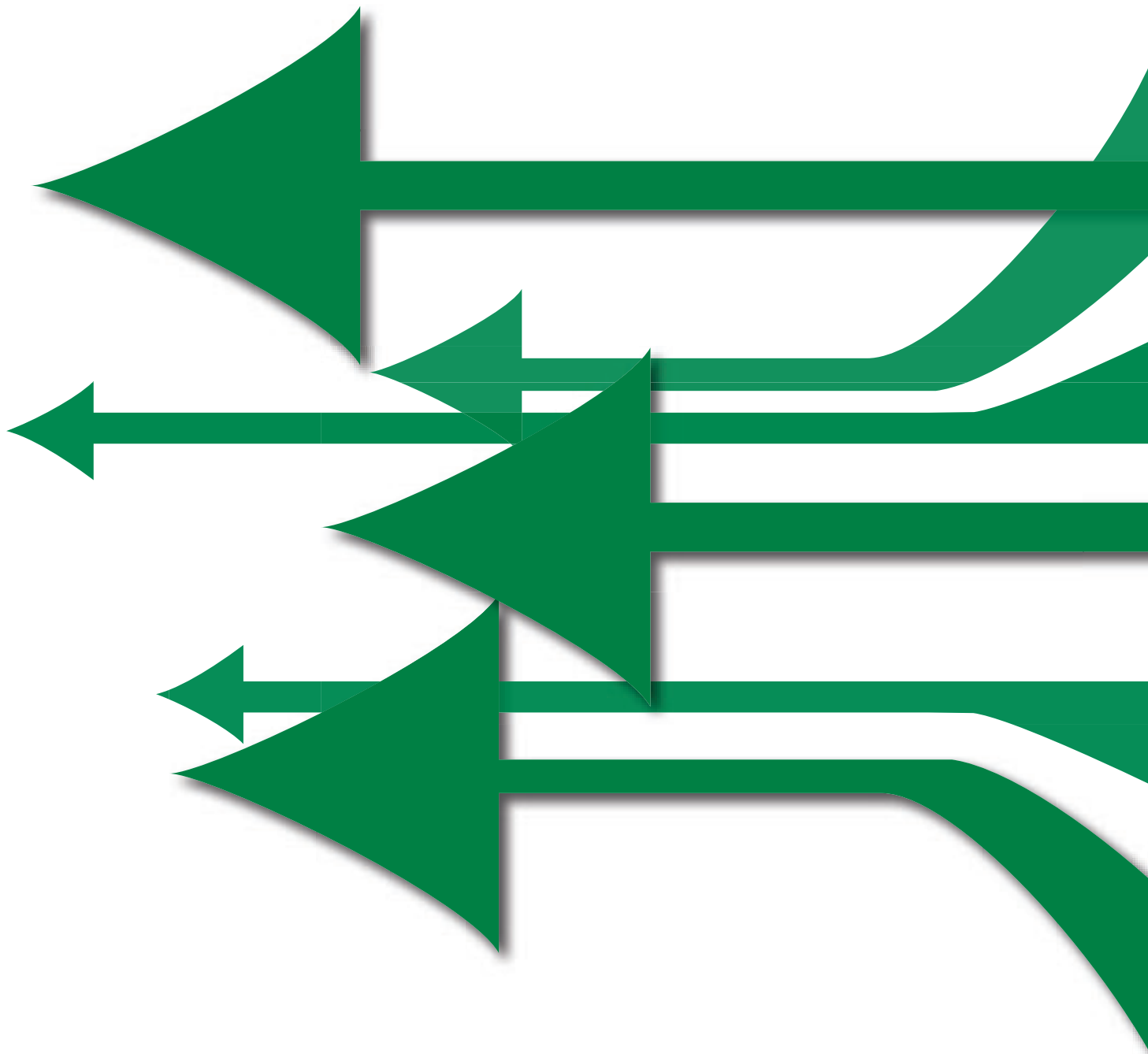
The 2015 Annual Meeting for the Stockholders of the Company will be held at 9:00 a.m., Tuesday, April 28, 2015, at the Company's headquarters in Northfield, Illinois.

Corporate Governance

The Nominating and Corporate Governance Committee of the Board of Directors has established a committee charter and a Code of Conduct. These documents are provided on Stepan's Website at www.stepan.com within the Investor Relations section of the site. At the same Website location, Stepan provides an Ethics Hotline phone number and Website that allows employees, stockholders and other interested parties to communicate with the Company's management or Audit Committee (on an anonymous basis, if desired) through an independent third party hotline.



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www.stepan.com

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