



ADAPT - BUILD - SUCCEED

2015 Annual Report

Stepan 

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. Surfactants are also used in a variety of non-cleaning or functional applications to support end markets such as agricultural and oil field. Surfactant 2015 sales were \$1.2 billion, which represents 68 percent of Stepan's total sales.

Polymers

The Polymer segment includes aromatic polyester polyols used in rigid foam insulation, powder and liquid resins used in coatings, adhesives, sealants and elastomers (CASE) applications 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 CASE. 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. Phthalic anhydride is also a key material used in the production of aromatic polyester polyols, and approximately 46 percent of the Company's phthalic anhydride production is used internally, while the remainder is sold into the merchant market. Polymer 2015 sales were \$491 million, which represents 28 percent of Stepan's total sales.

Specialty Products

Specialty Products include flavors, emulsifiers and stabilizers used in the food and pharmaceutical industries. Specialty Product 2015 sales represent four percent of Stepan's total 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
Bahia, Brazil
Vespasiano, Brazil
Stalybridge, United Kingdom
Voreppe, France
Wesseling, Germany
Wroclaw, Poland
Bauan, Batangas, Philippines
Nanjing, China
Singapore

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FINANCIAL HIGHLIGHTS

(In thousands, except per share and stockholder amounts)

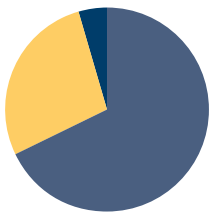
	2015	2014	% Change (2015 vs. 2014)	2013	% Change (2014 vs. 2013)
Net Sales	\$1,776,167	\$1,927,213	– 8	\$1,880,786	+ 2
Net Income Attributable to Stepan Company	75,968	57,101	+ 33	72,828	– 22
Per Diluted Share	3.32	2.49	+ 33	3.18	– 22
Percent of Net Sales	4.3%	3.0%	+ 43	3.9%	– 23
Percent Return on Average Equity	13.9%	10.5%	+ 32	14.1%	– 26
Depreciation and Amortization	66,985	63,804	+ 5	56,400	+ 13
Capital Expenditures	119,349	101,819	+ 17	92,865	+ 10
Dividends Per Common Share	\$0.73	\$0.69	+ 6	\$0.65	+ 6
Working Capital	376,329	326,043	+ 15	339,557	– 4
Current Ratio	2.5	2.3	+ 9	2.3	—
Long-Term Debt, Less Current Maturities	313,817	246,897	+ 27	235,246	+ 5
Total Stepan Company Stockholders' Equity	556,984	535,546	+ 4	552,286	– 3
Total Stepan Company Stockholders' Equity Per Share	25.00	24.06	+ 4	24.73	– 3
Average Common Shares Outstanding (Diluted)	22,858	22,917	—	22,924	—
Number of Stockholders	1,675	1,618	+ 4	1,547	+ 5

STOCK INFORMATION

New York Stock Exchange,
symbol SCL

	2015	2014
Stock Price Range	\$37.20–55.67	\$36.34–66.47
Dividend (Common)	\$0.73	\$0.69
Earnings Per Diluted Share	\$3.32	\$2.49
Return on Equity	13.9%	10.5%
Book Value	\$25.00	\$24.06
Shares Outstanding	22,280,850	22,255,647

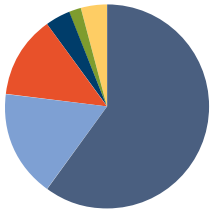
Information in this annual report contains forward looking statements which are not historical facts. These statements involve risks and uncertainties that could cause actual results to differ materially, including without limitation, cash flow, prospects for our foreign operations, and certain global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



2015 Segment Sales

(dollars in thousands)

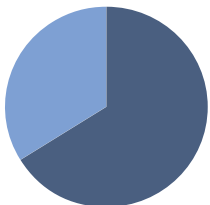
Surfactants	\$1,205,849
Polymers	\$491,488
Specialty Products	\$78,830



2015 Sales Dollar Distribution

(dollars in thousands)

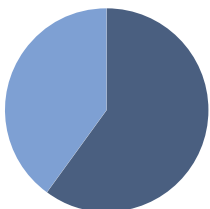
Material	\$1,069,452	60%
Other Expenses	\$301,170	17%
Payroll & Fringes	\$235,704	13%
Depreciation & Amortization	\$66,985	4%
Income Taxes	\$26,819	2%
Net Income	\$75,968	4%



2015 Long Lived Assets

(dollars in thousands)

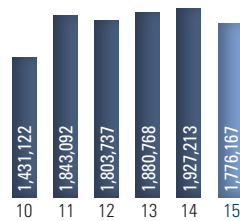
United States	\$387,744
Others	\$196,941



2015 Global Sales

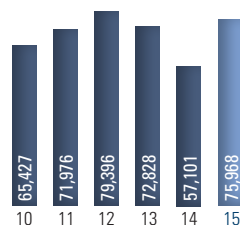
(dollars in thousands)

United States	\$1,069,526
Others	\$706,641



Net Sales (dollars in thousands)

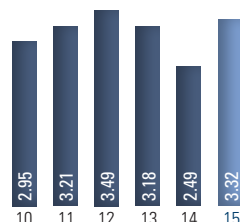
Compound Annual Growth Five Years +4



Net Income Attributable to Stepan Company

(dollars in thousands)

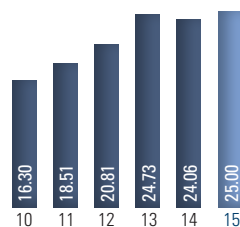
Compound Annual Growth Five Years +3



Net Income Attributable to Stepan Company per Common Share (Diluted)

(dollars)

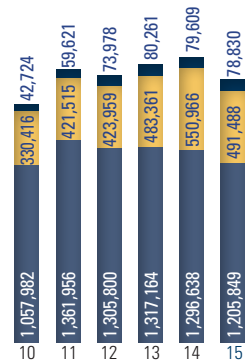
Compound Annual Growth Five Years +2



Total Stepan Company Equity Per Share

(dollars)

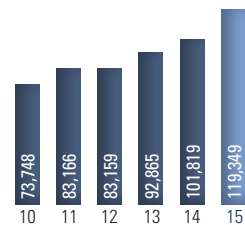
Compound Annual Growth Five Years +9



Segment Sales

(dollars in thousands)

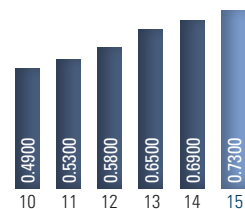
Surfactants
Polymers
Specialty Products



Capital Expenditures

(dollars in thousands)

Compound Annual Growth Five Years +10



Dividends Per Common Share

(dollars)

Compound Annual Growth Five Years +8

DEAR FELLOW SHAREHOLDERS

2015 was a good year for Stepan Company. The environment in which we operate continues to change presenting challenges and opportunities. Our ability to adapt to these changes enabled us to deliver a strong rebound in Surfactant earnings and a sixth consecutive record year for our Polymer group. Actions taken to improve asset utilization, enhance product mix, reduce cost and improve efficiency all contributed to make 2015 our second best net income year. During the year we also made progress on projects to build a more profitable future with new surfactant assets in Latin America and enhanced polymer capabilities globally. We increased dividends for the forty-eighth consecutive year. We believe our investments, ability to innovate and operational excellence will enable us to succeed in our core markets and deliver increased value for our shareholders.

In 2015, net income increased 33 percent to \$76.0 million, or \$3.32 per diluted share, while adjusted net income increased 38 percent to \$79.4 million, or \$3.46 per diluted share. Net sales were \$1.8 billion, down eight percent, impacted by lower raw material costs and the negative effects of a strong U.S. dollar. Volumes were up five percent. Unit gross profit margins improved.

In 2015, \$119.3 million was spent to improve reliability, reduce cost and grow in key geographic and strategic markets. The Company maintains a strong balance sheet that enables us to make investments to improve our performance and grow.

Our strategy remains focused on executing a balanced approach between high volume products in surfactant and polymer end markets and specialty chemicals used in value-added applications to similar end markets or near adjacencies. Geographic expansion is considered where we believe we can establish economies of scale, complimented by value-added end market opportunities. Operational excellence allows us to meet customer requirements, improve efficiency and reduce costs.

The Surfactant business generated \$104.1 million in operating income, a 71 percent increase from last year, on \$1.2 billion in sales. Surfactant income increased on five percent volume growth and an improved global product mix. In July, we signed a long-term supply agreement with The Sun Products Corporation (SUN), which allowed us to increase sulfonation capacity utilization in North America. Surfactants continues to focus on improving product mix by expanding our product portfolio and selling more specialty chemicals to a broader range of markets.

Within Surfactants, the Latin American and European regions both delivered record earnings in 2015. Latin America delivered higher sulfate and specialty volumes. Europe grew fabric softeners in the Consumer Product segment and environmentally-friendly solvents and other specialties in the Functional markets. Additionally, new Research and Development capabilities in Brazil and Europe, which were brought online in 2015, contributed to the expansion of our product portfolio in those regions and the development of new technologies that we plan to introduce globally.

In June 2015, the Company announced the purchase of a sulfonation production facility in Bahia, Brazil. The plant has 30,000 metric tons of capacity and continues Stepan's long-term commitment to the region. Stepan believes in the fundamental strength of the consumer end markets in Latin America and will continue to expand our presence there.

In October 2015, the Company announced the dissolution of our enhanced oil recovery joint venture. Moving forward, we will serve this market through our own resources, better aligned with the opportunities we expect in the current low-priced petroleum environment.

Stepan was recognized as a 2015 U.S. Environmental Protection Agency Safer Choice Partner of the Year, as a Safer Chemical Innovator. The Company is among twenty-one Safer Choice Partner of the Year award winners announced by the EPA and one of three recipients in the Safer Chemical Innovator Category. Safer Choice commended Stepan for the development of safer surfactants and promoting the Safer Choice label in our Surfactant training initiatives.

The Polymer business delivered its sixth consecutive record year, generating \$80.9 million of operating income, an increase of 33 percent over 2014. Sales were \$491 million, down 11 percent from 2014, mostly due to pricing tied to declining raw material prices and negative foreign currency translation, while volumes increased five percent. The volume increase was related to the continuing trends of increased demand resulting from higher insulation standards, increased penetration in the metal panel business and growth in CASE products.

Our rigid polyol solutions contribute to more sustainable and energy efficient buildings. New Stepan technology for rigid polyol applications addresses the evolving industry demand for improved flammability performance. Our project to build a new polyol plant in Nanjing, China is ahead of schedule, below budget and has been constructed safely. The facility is expected to be commissioned in early 2016. Start-up costs and weaker construction activity in China are likely to represent headwinds in 2016.

Our specialty polyol business continues to perform well. We are expanding production in Europe with a second reactor in Poland that will provide new products to the CASE market. We are introducing new technologies to the CASE market that will provide cost effective solutions to our customers.

Specialty Products contributed \$4.4 million of operating income on \$78.8 million in sales. Overall our Food and Flavor segment performed well, while the Lipid Nutrition Business struggled. Actions taken in the fourth quarter of 2015 to lower Lipid Nutrition costs should improve profitability in 2016.

Our DRIVE initiative started in 2014 and delivered expected benefits for the year. In 2016, we expect to generate an additional \$8 million of savings from projects that will carry over from 2015, new projects and the elimination of consulting fees for this initiative.

At the core of our Company is our people. We have a long history of attracting and developing talented and dedicated employees around the world. Our employees are united in a shared belief in what they are doing, including a commitment to safety, quality, innovation and teamwork. Our employees stand together as partners in meeting new challenges and capturing opportunities for the Company. We are very proud of our employees around the world and are confident that together we can achieve our goals.

During the fourth quarter of 2015, Stepan announced the appointment of a new Company director, Jan Stern Reed, who joined the Board of Directors in October. Ms. Reed formerly served as Senior Vice President, General Counsel and Corporate Secretary of Walgreens Boots Alliance, Inc.

In October 2015, our Board of Directors declared a 5.6 percent increase in the Company's quarterly cash dividend on its common stock to \$0.19 per share. The increase marks the forty-eighth consecutive year in which the quarterly dividend rate on the Company's common stock has been increased.

In closing, Stepan will continue to improve our asset utilization and product mix, while also reducing costs and improving efficiency. We build our Company with strategic investments and innovations aimed to provide solutions for our customers and to grow earnings. We are committed to 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.'.

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

ADAPT - BUILD - SUCCEED

At Stepan, we believe in chemistry: chemistry that produces innovative solutions for a cleaner, healthier, more energy efficient world. We believe in the chemistry of our people working with our customers to provide new solutions and products. We are a major manufacturer of specialty and intermediate chemicals with a blueprint for growth that includes proactively adapting to changing market conditions and capitalizing on the opportunities that result.

Staying focused on our goal to deliver solutions for our customers, such as the need for lower cost, more effective cleaning solutions, greater energy efficiency, and more efficient food production, we have adapted to changing environments and market conditions.

In 2014, Stepan embarked upon a major initiative to examine all levels of our operations and to identify opportunities for greater efficiency and improved returns. In 2015 we delivered improved customer satisfaction and efficiency gains. We will continue to drive improved performance now and for years to come. In short, we adapt to become better.

We continue to invest in our resources and infrastructure to build for the future. Our efforts to reduce costs and strengthen our balance sheet will continue to allow us to pursue new growth opportunities while providing long-term shareholder value. For our Polyol business, that means finding new ways to supply the insulation market with better and more efficient rigid foam products. For Surfactants this includes serving higher volume markets, such as laundry and personal care, while also selling into higher value, non-cleaning markets such as agriculture and oil field. Our assets and resources in countries such as Brazil and Colombia position us to take advantage of opportunities in our core businesses and adjacent markets. We build thoughtfully and with purpose.

The following section highlights specific examples of how this formula for success took shape in 2015 and how it positions us for continued success.

ADAPT

Adapt: (verb) 1. to make suitable to requirements or conditions; adjust or modify fittingly; 2. to adjust oneself to different conditions, environment, etc.

Stepan had a good year in 2015. During the year Stepan addressed the challenges incurred in 2014 and completed key components of our short-term and long-term strategies. The Company's business units demonstrated their ability to adapt to the ever-changing environment in a variety of ways.

- Today our oil field surfactant business is relatively small. We are using the downturn in the market to attract new talent and to introduce new solutions for our customers that lower their cost and increase productivity. Our Oil Field Solutions group will relocate to Houston, Texas to gain better access to the Company's customer base.
- In November, Stepan's enhanced oil recovery (EOR) joint venture was dissolved. With more limited, but more focused resources, our EOR efforts will be better aligned with the opportunities we expect in the current low-priced petroleum environment. We expect profitability of EOR activities to improve in 2016.

“WITH THE NEGATIVE IMPACT OF FALLING OIL PRICES IN 2015, OUR CUSTOMERS CLOSELY MONITORED WHICH COMPANIES MAINTAIN A COMMITMENT AND WHICH DELIVER ON THEIR PROMISES IN THE SPACE. WE'VE PLACED A HIGH LEVEL OF IMPORTANCE ON MAINTAINING OUR CONSISTENT COMMITMENT TO OIL FIELD SOLUTIONS.”

- Robert Slone, Vice President, Surfactant Product Development



(L to R) Scott Beherns, Vice President and General Manager, Surfactant; Robert Slone, PhD, Vice President, Surfactant Product Development

- European Surfactants had a breakthrough year, with record sales of chemicals for the production of fabric softeners while simultaneously diversifying from commodity sales in the consumer product markets to the functional markets, including green solvents for the agricultural markets.
- Polymer Research and Development is looking to diversify beyond its primary business of aromatic polyester polyols for use in rigid foam insulation into other markets with specialized end-use needs. For example, the Specialty Powder team is working to adapt to the changing environment and has introduced new products that allow coating applications at lower temperatures and also a specialty resin for one-shot matte finishes. Both applications should reduce customer costs. Additionally, Polymers has developed new technology for rigid polyurethane foam to address the evolving industry demand for improved flammability performance.



(L-R) Patrick Saab, Business Manager CASE; Art Mergner, Vice President and General Manager, Polymers; Katherine Ratliff, Business Manager, Powder Products

“SPECIALTY POWDERS HAS BENEFITED FROM AN INCREASED FOCUS ON INNOVATION. WE HAVE REALLY STEPPED UP AND PUT ADDITIONAL RESOURCES AROUND IT, INCLUDING INDIVIDUALS WHOSE PARTICULAR JOB IS TO CONDUCT LISTENING EVENTS WITH CUSTOMERS AND TO UNDERSTAND WHAT THE MARKET IS ASKING US FOR IN TERMS OF INNOVATION.”

- Katherine Ratliff, Business Manager, Powder Specialties

BUILD

***Build:** (verb) 1. to construct (especially something complex) by assembling and joining parts or materials; 2. to establish, increase, or strengthen*

Stepan remains steadfast in our commitment to sustainable growth and increased shareholder value. We invest in new facilities, to improve processes, in research to find innovative solutions to meet customers' needs and in our employees. Together, we build plants, products, technologies and relationships with our customers and partners.

- When Stepan began building our capabilities in Latin America, we were committing to the region for the long-term. In 2015, there were three significant investments in Latin America. Stepan completed the acquisition of a 30,000 metric ton sulfonation plant in Bahia, Brazil. We also installed and commissioned a second high-active neutralizer at our existing site in Vespasiano, Brazil. We expanded sulfonation capacity in Colombia. In 2015, Surfactants delivered record performance in Latin America, despite currency headwinds and challenges in the macro-economic environment. The Company will continue to provide the surfactants needed to make personal care and household cleaning products to meet the growing demands of the middle class population in Latin America.

- Expanded polyol production in Europe is on-track as a second reactor is being added in Poland to provide new products for the CASE market.
- A new 50,000 metric ton polyol plant in Nanjing, China should be completed in early 2016. Once commissioned, the plant will be positioned to supply the construction market in China and throughout Asia.

“OUR MESSAGE CONTINUES TO BE THAT WE ARE FOCUSED ON GROWTH, AND WE CONTINUE TO INVEST IN POLYESTER/POLYOL TECHNOLOGY AND CAPACITIES GLOBALLY.”

-Art Mergner, Vice President and General Manager, Polymers

- Stepan continues to build our product portfolio and is now offering acrylic polymer technology for the dispersion of materials. Development was led by the European Research and Development team in France and takes the Company into a new product category for agriculture, oil field, and other markets for emulsion polymers.
- Replacing a sulfonator in Millsdale, Illinois was a major investment in our North American network. The new reactor system and infrastructure was completed on time, under budget, and injury-free. The replaced capacity was critical to the mid-year absorption of new laundry volumes into our existing network.



European Research and Development team: (L to R) Thierry Beaudouin, Technical Manager Analytical Lab; Elodie Shaw, Technical Manager Functional Products; Laetitia Le Bert, Technical Manager Consumer Products; Mathieu Pépin, Research and Development Manager; Laure Canal, Technical Manager Process and Synthesis

SUCCEED

(*Succeed: (verb) 1. to happen or terminate according to desire; have the desired result; 2. to thrive, prosper, grow, or the like; 3. to accomplish what is attempted or intended.*)

Stepan continues to succeed due to the strength of our people, our products and our vision – *Innovative Chemical Solutions for a Cleaner, Healthier, More Energy-Efficient World*. New systems and processes allowed for better efficiency and greater customer engagement, and our commitment to customer service was recognized. We delivered on our promise to shareholders to continue to grow and deliver value responsibly.

- In 2015 adjusted net income grew from \$57.7 million to \$79.4 million; a strong rebound from 2014 and recording our second best income year.
- The successful integration of the long-term supply agreement with The Sun Products Corporation (SUN) improved our sulfonation utilization in North America. By tapping Stepan's manufacturing network, we provide SUN with a more robust supply chain while growing our business.
- Breakthrough performance from our European Surfactants business was realized through growth of fabric softeners in the Consumer Product segment as well as continued diversification of our European product offerings with environmentally-friendly solvents and other specialties in both the Consumer Product and the Functional markets.

“IT'S NOT ATTRIBUTABLE TO A SINGLE SITE OR A SINGLE GROUP... IT'S AT ALL LEVELS ACROSS THE BOARD IN OUR EUROPEAN SURFACTANT BUSINESS. WE'VE NOT ONLY HAD RECORD RESULTS, WE'VE HAD EXCELLENT PERFORMANCE BY MANY PEOPLE. IT'S ALL ABOUT THE TEAM AND I'M ACTUALLY MORE PLEASED ABOUT THIS. THE PERFORMANCE FEELS MORE SUSTAINABLE.”

-Tony Martin, Vice President, Europe

- Polymers delivered their sixth consecutive record year of earnings; both volumes and margins improved.
- The EPA Safer Choice Partner of the Year as a Safer Chemical Innovator award recognizes Stepan for our development of safer surfactants and promoting the Safer Choice label in our Surfactant training initiatives. The Company's product line has over 30 products on the clean ingredients list.
- Completing construction of the new plant in China was a major accomplishment. An important part of this story is our safety record during construction. Specifically, after over 950,000 man hours of construction, there was not a single recordable injury.



Members of the SUN Integration Team: (L to R) Dave Horan, Director of Logistics; Dan Bertholf, Director, Product Management, North America; Carrie Dynis, Millsdale Plant Manager; Sean Moriarty, Vice President and General Manager, North America; Katrina Baker, Winder Plant Manager; Stevan Hellen, Director Operational Excellence

DRIVE

- D** Deliver income targets through disciplined project management
- R** Rebalance resources to accelerate growth
- I** Invest for the future
- V** Value creation for our shareholders
- E** Efficient cost effective organization

DRIVE was launched in the second half of 2014 to take a fresh look across all levels of Stepan's operations to identify and execute on opportunities for greater efficiency and improved returns. DRIVE is a journey, not a final destination, and it will remain a perpetual method for improving processes and delivering improved performance throughout the organization.

In 2015, DRIVE focused on the Company's commercial organization, optimizing how we do business with our customers. Commercial policies were created to codify rules and procedures on how to do business, which in turn drives value for our customers and Stepan.

“DRIVE IS REALLY ABOUT OPTIMIZING OUR BUSINESS TO ACHIEVE HIGHER CUSTOMER SATISFACTION, PROFITABILITY AND SHAREHOLDER VALUE. ONE OF THE WAYS TO DO THIS IS TO HAVE A DISCIPLINED APPROACH TO HOW WE CONSISTENTLY EXECUTE PROJECTS AND HOW WE IMPLEMENT CHANGE WITHIN THE ORGANIZATION.”

- Deb Stefaniak, Vice President, Business Transformation

New to this disciplined approach is the use of a web-based commercial analytics tool that helps us better understand all elements of service and profitability and the drivers to optimize those elements.



Members of the DRIVE Team: Seated (L to R) Mike Collins, Global Sales Strategy and Innovation Manager; Jeff Grahm, Vice President, Transformation Initiatives
Standing (L to R) David Courtney, Senior Manager SAP Center of Excellence; Deb Stefaniak, Vice President, Business Transformation; Akiko Yamamoto-Grieger, Project Manager DRIVE; Asif Samani, Senior Financial Analyst

The Procurement Team instituted new processes that had a positive impact on Supply Chain operations. Under the DRIVE initiative, new technology, skills and knowledge for strategic procurement were implemented to generate greater value through better raw material and more efficient direct and indirect sourcing.

Overall, DRIVE contributed significantly to our 2015 improved customer satisfaction and profitability.

ADVANCING THE GOAL OF CHEMICAL SAFETY



Anne Garipey, Tech Service and Sales Development Manager and Frank Pacholec, PhD, Vice President Research and Development and Corporate Sustainability Officer (pictured with award) are joined by members of the Environmental Protection Agency as Stepan Company is recognized as an outstanding Safer Choice Innovator. Safer Choice commends Stepan for its development of safer surfactants and promoting the Safer Choice label in its Surfactant training initiatives.

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	2015	2014	2013	2012	2011
Net Sales	\$1,776,167	\$1,927,213	\$1,880,786	\$1,803,737	\$1,843,092
Operating Income	122,790	90,694	109,153	128,716	118,456
Percent of Net Sales	6.9%	4.7%	5.8%	7.1%	6.4%
Income Before Provision for Income Taxes	102,856	75,535	95,630	115,722	104,894
Percent of Net Sales	5.8%	3.9%	5.1%	6.4%	5.7%
Provision for Income Taxes	26,819	18,454	23,293	36,035	32,292
Net Income Attributable to Stepan Company	75,968	57,101	72,828	79,396	71,976
Per Diluted Share ^{(a) (b)}	3.32	2.49	3.18	3.49	3.21
Percent of Net Sales	4.3%	3.0%	3.9%	4.4%	3.9%
Percent to Total Stepan Company Stockholders' Equity ^(c)	13.9%	10.5%	14.1%	18.0%	19.2%
Cash Dividends Paid	16,300	15,387	14,474	12,757	11,513
Per Common Share ^(a)	0.7300	0.6900	0.6500	0.5800	0.5300
Depreciation and Amortization	66,985	63,804	56,400	51,294	47,099
Capital Expenditures	119,349	101,819	92,865	83,159	83,166
Weighted-average Common Shares Outstanding (Diluted) ^(a)	22,858	22,917	22,924	22,730	22,440

As of Year End

Working Capital	\$376,329	\$326,043	\$339,557	\$275,911	\$246,516
Current Ratio	2.5	2.3	2.3	2.1	2.1
Property, Plant and Equipment, net	555,463	524,195	494,042	422,022	383,983
Total Assets	1,239,661	1,162,014	1,167,202	985,478	901,118
Long-term Debt Obligations, Less Current Maturities	313,817	246,897	235,246	149,564	164,967
Total Stepan Company Stockholders' Equity	556,984	535,546	552,286	478,985	401,211

^(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 24, 2016) are included in the Company's 2015 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	First	Second	2015 Third	Fourth	Year
Net Sales	\$460,451	\$452,414	\$444,011	\$419,291	\$1,776,167
Gross Profit	76,442	79,512	77,598	74,689	308,241
Operating Income	35,178	28,595	38,794	20,223	122,790
Interest, net	(4,054)	(2,869)	(3,837)	(3,773)	(14,533)
Income Before Income Taxes	30,536	24,146	33,113	15,061	102,856
Net Income	21,286	16,941	24,934	12,876	76,037
Net Income Attributable to Stepan Company	21,270	16,914	24,912	12,872	75,968
Per Diluted Share	0.93	0.74	1.09	0.56	3.32

Quarter	First	Second	2014 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

QUARTERLY STOCK DATA

Quarter	Stock Price Range Per Share				Dividends Paid Per Common Share	
	2015 High	2015 Low	2014 High	2014 Low	2015	2014
First	\$41.80	\$37.20	\$65.14	\$59.49	\$0.18	\$0.17
Second	\$55.22	\$41.34	\$66.47	\$51.17	\$0.18	\$0.17
Third	\$55.67	\$40.49	\$53.91	\$44.38	\$0.18	\$0.17
Fourth	\$54.87	\$40.72	\$46.85	\$36.34	\$0.19	\$0.18
Year	\$55.67	\$40.49	\$66.47	\$36.34	\$0.73	\$0.69

CORPORATE DIRECTORS & OFFICERS

Board of Directors



F. Quinn Stepan
Chairman



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



Michael R. Boyce
*Chairman, 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 manufac-
turer 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*



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



Jan Stern Reed
*Former Senior Vice President,
General Counsel and Corporate
Secretary, Walgreens Boots
Alliance, Inc., a global pharmacy-
led, health and wellbeing
enterprise, Deerfield, Illinois*



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

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*

Jennifer Ansbro Hale
*Vice President, General Counsel
and Secretary*

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*

Debra A. Stefaniak
*Vice President,
Business Transformation*

CORPORATE INFORMATION

DEPARTMENTAL VICE PRESIDENTS

Business Transformation

Jeffrey E. Grahn

Vice President, Transformation Initiatives

Finance

Matthew J. Eaken

Vice President and Corporate Controller

Manufacturing

Thomas G. Meyer

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 Research and Development

Robert V. Slone, PhD

Vice President, Surfactants Product Development

Specialty Products

Robert J. Peacock

Vice President and General Manager

Surfactants

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 2016 Annual Meeting for the Stockholders of the Company will be held at 9:00 a.m., Tuesday, April 26, 2016, 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 contact information for Ethics Hotline phone numbers and a 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.



Design: CorCreative, Inc., Chicago



ADAPT
- BUILD -
SUCCEED



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