Stepan

Capturing Opportunities.

Disciplined Performance.

Delivering Results.

2011 ANNUAL REPORT

Stepan at a glance

Stepan is a leading merchant producer of surfactants that are the key ingredients in consumer and industrial cleaning compounds. Manufacturers of detergents, shampoos, lotions, toothpastes and cosmetics depend on surfactants to achieve the foaming and cleaning qualities of their products. Stepan also produces fabric softeners, germicidal quaternary compounds, and biodiesel. Other applications include lubricating ingredients, emulsifiers for spreading of agricultural products, stabilizers for latex, coatings and adhesives, oil field drilling and enhanced oil field production. Stepan produces other specialty products that are often custom-made to meet individual needs. These include nutraceuticals, flavors, emulsifiers and solubilizers used in the food, nutritional, and pharmaceutical industries. The Company is also a principal supplier of phthalic anhydride, a commodity chemical intermediate that is used in polyester resins, alkyd resins and plasticizers. Polyols sold by the Company are used in thermal insulation primarily by the construction and refrigeration industries. Headquartered in Northfield, Illinois, Stepan utilizes a network of modern production facilities located in North and South America, Europe and Asia.

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, lotions, toothpastes and cosmetics. 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 74 percent of Stepan's 2011 sales or $1,362,000,000 versus $1,058,000,000 in 2010. The increase in sales was due to a 24 percent increase in average selling prices and a two percent increase in sales volume. The rise in selling price reflected higher raw material costs and improved mix of higher margin products.

Domestic surfactant operations, representing 57 percent of surfactants, recognized a $162.2 million, or 27 percent, increase in sales on a 30 percent increase in average selling prices. Foreign operations, representing 43 percent of surfactants, reported a $141.8 million, or 32 percent, increase in sales due to an eight percent increase in sales volume and a 22 percent increase in average selling prices.

POLYMERS The polymer product group includes polyurethane polyols and phthalic anhydride. Polyurethane polyols are used in the manufacture of rigid foam for thermal insulation in the construction industry. Stepan's polyols are also a base raw material for coatings, adhesives, sealants and elastomers. 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 40 percent of the Company's phthalic anhydride is utilized internally in the production of our polyol products.

Polymer sales represent 23 percent of 2011 sales, or $421,515,000 versus $330,416,000 in 2010, an increase of 28 percent. Higher sales volume coupled with rising average selling prices led to the higher net sales.

SPECIALTY PRODUCTS Specialty products include nutraceuticals, flavors, emulsifiers and solubilizers used in the food, nutritional, and pharmaceutical industry. Sales of specialty products for 2011 were $59,621,000 versus $42,724,000 for 2010. Specialty products represent three percent of net sales.

PRODUCTION FACILITIES

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

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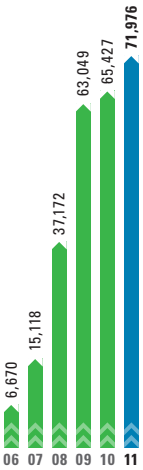
Financial Highlights

(In thousands, except per share and stockholder amounts)	2011	2010	% Change (2011 vs. 2010)	2009	% Change (2010 vs. 2009)
Net Sales	**$ 1,843,092**	$ 1,431,122	+ 29	$ 1,276,382	+ 12
Net Income Attributable to Stepan Company	**71,976**	65,427	+10	63,049	+ 4
Per Diluted Share	**6.42**	5.90	+ 9	5.84	+ 1
Percent of Net Sales	**3.9%**	4.6%	– 15	4.9%	– 6
Percent Return on Average Equity	**19.2%**	20.5%	– 6	25.3%	– 19
Depreciation and Amortization	**47,099**	40,351	+ 17	37,171	+ 9
Capital Expenditures	**83,166**	73,748	+ 13	42,631	+ 73
Dividends Per Common Share	**$ 1.06**	$0.98	+ 8	$0.90	+ 9
Working Capital	**246,516**	222,199	+ 11	186,297	+ 19
Current Ratio	**2.1**	2.1	—	2.1	—
Long-Term Debt, Less Current Maturities	**164,967**	159,963	+ 3	93,911	+ 70
Total Stepan Company Stockholders' Equity	**401,211**	349,491	+ 15	289,285	+ 21
Total Stepan Company Stockholders' Equity Per Share	**37.02**	32.59	+ 14	27.36	+ 19
Average Common Shares Outstanding (Diluted)	**11,220**	11,090	+ 1	10,796	+ 3
Number of Stockholders	**1,490**	1,348	+ 11	1,333	+ 1

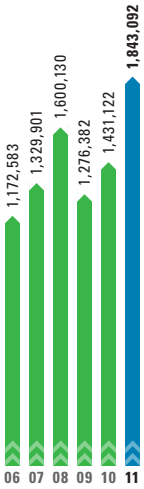
Stock Information

New York Stock Exchange, symbol SCL	2011	2010
Stock Price Range	**$ 62.65–83.65**	$ 45.99–79.75
Dividend (Common)	**$ 1.06**	$ 0.98
Dividend (Preferred)	**$ 1.375**	$ 1.375
Earnings Per Diluted Share	**$ 6.42**	$ 5.90
Return on Equity	**19%**	21%
Book Value Per Share	**$ 37.02**	$ 32.59
Shares Outstanding	**10,246,332**	10,105,748

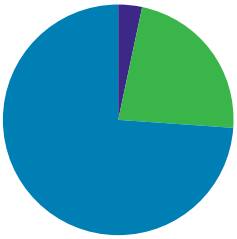
Information in this annual report contains forward looking statements which are not historical facts. These statements involve risks and uncertainties that could cause actual results to differ materially, including without limitation, cash flow, prospects for our foreign operations, and certain global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



Net Income
(dollars in thousands)
Compound Annual Garowth
Five Years +61%



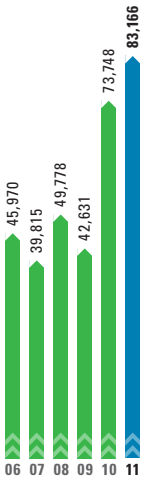
Net Sales
(dollars in thousands)
Compound Annual Growth
Five Years +9%



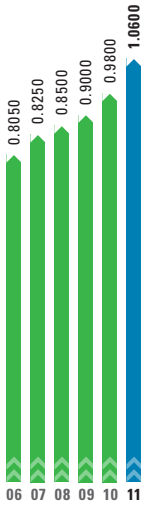
2011 Product Line Sales
(dollars in thousands)

Surfactants	$1,361,956
Polymers	$421,515
Specialty Products	$59,621

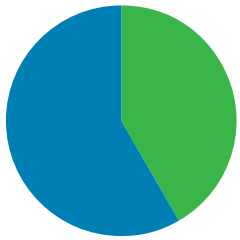
Segment Sales
(dollars in thousands)
- Surfactants
- Polymers
- Specialty Products



Capital Expenditures
(dollars in thousands)
Compound Annual Growth
Five Years +13%



Dividends Per Common Share (dollars)
Compound Annual Growth
Five Years +6%

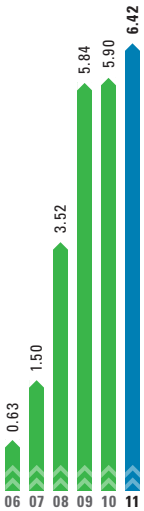


2011 Long Lived Assets
(dollars in thousands)

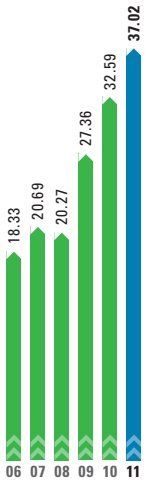
United States	$230,926
Others	$171,238

2011 Global Sales
(dollars in thousands)

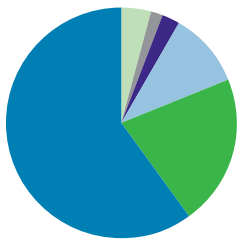
United States	$1,086,233
Others	$756,859



Net Income Per Diluted Common Share (dollars)
Compound Annual Growth
Five Years +59%



Equity Per Share
(dollars)
Compound Annual Growth
Five Years +15%



2011 Sales Dollar Distribution
(dollars in thousands)

Material	$1,107,863	60%
Other Expenses	$390,241	21%
Payroll & Fringes	$193,621	11%
Depreciation & Amortization	$47,099	3%
Income Taxes	$32,292	1%
Net Income	$71,976	4%

Dear Fellow Shareholders:

We are pleased to report our fourth consecutive record income year. During 2011, we began to reap the benefits of our growth strategy and the investments made to extend our core technology platforms to emerging markets and to improve our product mix through innovation.

Over the last several years, we have taken steps to reduce our costs and strengthen the balance sheet that allow us to invest now and capture growth opportunities. Over the past two years, we have spent $191 million on capital expenditures and acquisitions, with 41 percent of that amount spent on growth capital outside the United States. In 2012, we plan to spend $100 million on capital expenditures because we are confident we can continue to capture opportunities in markets around the world and execute with disciplined performance that delivers results for our shareholders.

In 2011, net income rose 10 percent to $72.0 million, or $6.42 per diluted share, reflecting an improved sales mix in our Surfactant business that offset weaker consumer product sales and improved profitability in our Polymer business due to higher volumes.

Net sales in 2011 increased 29 percent to $1.8 billion as volume grew three percent. Surfactant volumes were up two percent, primarily due to higher demand for functional surfactants, particularly those used in the agricultural and oilfield markets. Global demand for polyols continued to benefit from recommendations to use higher insulation levels to reduce energy consumption and new end use applications. Sales for Specialty Products rose 40 percent with the acquisition of the Lipid Nutrition product lines in June.

The Surfactant group continues to focus resources aggressively on top line growth driven primarily by innovation, acquisition and geographic expansion. In 2011, our Surfactant group posted record operating income driven by greater sales into the functional markets and into the highly diversified general surfactant market where Stepan has built an effective marketing and distribution infrastructure. Demand also continued to grow for enhanced oil recovery surfactants as the opportunity to increase economic returns on existing oil fields remains compelling.

Expanding our presence in Brazil continues to be an important element in our Surfactant growth strategy. Brazil's laundry market is converting from bars to powders and eventually to liquids, which requires using increasing amounts of surfactants with each step. Equally important, Brazil's large and diverse consumer, agricultural and oilfield surfactant markets offer significant growth potential for Stepan's value-added products. Last year we added neutralization capabilities to our sulfonation plant in Vespasiano, which contributed to higher volumes and improved profitability for our operations there. We will continue to evaluate opportunities to expand capacity and add new capabilities in this important market.

In 2011, we also made progress in building Stepan's surfactant franchise in Asia. We will complete the installation of fractionation capability at the Company's 100,000 ton-per-year methyl ester plant in Singapore and will begin production to supply both internal and external customer needs in the second quarter of 2012. As a result of growing demand for fabric softeners in Asia, we have invested in increased capacity at our plant in the Philippines to support this growth opportunity.

Higher prices and long-term demand for crude oil, particularly in India and China, have heightened the sense of urgency around the world to develop untapped reserves in mature oil fields through enhanced oil recovery technologies. TIORCO, our joint venture with Nalco, provides custom engineered chemical solutions using core Stepan technologies to reduce surface tension between the oil and rock to allow greater oil recovery from existing fields. Results from one commercial and two pilot floods have been encouraging and several additional pilot floods are expected soon. We believe that enhanced oil recovery presents a significant opportunity for surfactants and will continue to invest with our joint venture partner to increase the scale and scope of this business.

In 2011, our Polymer group also delivered record operating income despite the slowly improving global economy and a fire in June that delayed availability of the second reactor at our plant in Wesseling, Germany. Global polyol volumes are up 14 percent, driven by sustained demand for retrofit roofing, higher standards for insulation and increased penetration in the metal panel and adhesives market segments. Insulation has been shown to be one of the most effective ways to reduce fossil fuel consumption and lower carbon emissions. Continued high energy prices and worldwide efforts to encourage energy conservation should drive future volume growth for our polyol business.

In Europe, the second reactor at Wesseling is now fully operational, adding 38,000 metric tons of capacity. The acquisition of our plant near Wroclaw, Poland, in 2010 brought us an additional 25,000 metric tons of polyester polyol capacity and 15,000 metric tons of blend capacity

to serve growing markets in Eastern and Central Europe. Anticipated volume growth began during the second half of 2011 and as customer demands accelerate, we will evaluate the need for an additional reactor at the site. With these new facilities, Stepan is well positioned to pursue growth opportunities in the European market.

Our polyol business in China continues to grow. Our joint venture has been notified by the local Nanjing government that our Polyol plant will be required to move. We are planning to relocate our joint venture plant in Nanjing, China, to a new facility in the Nanjing Chemical Industrial Park by 2014.

In June, Stepan Specialty Products, LLC acquired three product lines of Lipid Nutrition B.V. from Loders Croklaan B.V. of the Netherlands. As part of the integration of these product lines, Stepan's Food and Health Specialties business was renamed Stepan Lipid Nutrition. The acquisition of these product lines, together with our Neobee® medium chain triglycerides (MCT) products, provides Stepan with a unique portfolio of nutritional fats for the food, supplement and nutrition industries. The acquired products, which will be sold on a global basis, will be manufactured at Stepan's Maywood, New Jersey, plant as well as at existing contract manufacturers.

The value of our innovation portfolio, as well as execution on key projects, continued to improve in 2011. While we will move a number of high potential projects through a phased approach to commercialization, our current focus is on two large projects — enhanced oil recovery surfactants and new novel feedstocks. Our joint development agreement with Elevance Renewable Sciences, announced in 2010, is a critical component of our feedstock development efforts. The program is moving forward with Stepan using feedstocks from natural oils produced by Elevance's Nobel Prize-winning metathesis technology to create novel surfactants and antimicrobials. We are proceeding aggressively to determine the best candidates for commercialization among the many opportunities presented by this alliance.

In October, the Board of Directors declared a 7.7 percent increase in the quarterly cash dividend to $1.12 per common share, marking the forty-fourth consecutive annual dividend increase.

As we focus on growth, we challenge ourselves to find ways to improve operating effectiveness and efficiency. During 2011, we pursued a broad range of cost reduction initiatives and continuous improvement programs using Six Sigma teams. We improved purchasing processes, including ways to better leverage our global purchasing power. In 2011 alone, our Continuous Improvement Program delivered global productivity savings of $16.5 million.

We grow by setting appropriately high expectations and driving accountability through our Performance Management Process. We are developing the next generation of leadership

F. QUINN STEPAN, JR.
President and
Chief Executive Officer

F. QUINN STEPAN
Chairman

by identifying and coaching our employees and succession candidates. Through project management skills training, we are enhancing our ability to deliver better project returns.

As we look forward, we are committed to disciplined growth. Your Stepan team is energized and motivated by the opportunities presented by our customers. We appreciate their confidence in us. We believe our strategy will deliver results for you — our shareholders. Thank you for your investment in Stepan.

F. Quinn Stepan

F. QUINN STEPAN
Chairman

F. Quinn Stepan Jr.

F. QUINN STEPAN, JR.
President and Chief Executive Officer

Capturing Opportunities.

Disciplined Performance.

Delivering Results.

Stepan's priority today is growth — profitable, global growth. The work we've done over the past several years — restructuring certain operations, diversifying our product mix and reducing costs — has positioned Stepan to aggressively pursue growth. With the flexibility provided by a strong balance sheet, we are capturing long-term growth opportunities that will build Stepan's future.

We are investing in emerging markets that are growing faster than our traditional markets in North America and Europe. We have built or acquired facilities in some of the world's fastest growing markets, including Brazil, Singapore, Poland and China. We are adding sales, marketing and technical resources in these locations to enable us to grow in a focused and disciplined manner.

We are diversifying and expanding our product lines to move into higher value global markets. We are filling gaps in our product mix either through organic research and development or acquisition. Through our own innovation efforts and strategic alliances we now have a portfolio of projects that could provide significant future growth.

Our opportunities also spring from global trends, such as the worldwide interest in sustainability and renewable feedstocks, as well as the push to reduce consumption of fossil fuels and lower carbon emissions. Some of Stepan's products, such as polyols used for insulation or surfactants used to enhance the recovery of oil, play a crucial role in energy conservation. We are working hand-in-hand with customers to help meet their sustainability objectives.

The goal of our growth initiatives is to drive results and provide an improved return on investment for our shareholders. The special section that follows explores some of the ways we are delivering on that commitment.

Growth in Emerging Markets

As Stepan pursues its growth strategy, emerging markets around the world offer significant potential. These markets are particularly attractive to Stepan when their internal consumer and industrial trends are developing in ways similar to our traditional markets in North America and Europe. Brazil is a perfect example. The country's surfactant market is large, diverse and growing. Its base laundry business is quickly converting from solid soap bars to powders and eventually to liquids — a trend that calls for greater amounts of surfactants at each step in the conversion. Brazil also has rapidly growing personal care, agricultural and oil field surfactant markets. In recent years, Stepan has added marketing and research resources to complement our commodity sulfonation business and target higher value added sulfonation products into the functional markets.

In order to capture more opportunities, Stepan has steadily increased its investment of talent and capital in its Brazilian operations. Since the acquisition of a large sulfonation plant in Vespasiano in 2005, we have significantly upgraded the facility and added new capabilities. In 2011, we completed the installation of neutralization equipment that will enable us to expand and diversify our product offerings. As demand grows, we will pursue additional capacity.

Asian markets, some of the fastest growing in the world, also are important growth targets for the company. In North America, Stepan's ability to produce a portfolio of value added methyl ester derivatives has been an important contributor to its leading position in the surfactant industry. In mid-2010, Stepan acquired a large methyl ester plant located on Singapore's Jurong Island. During 2011, we have been installing fractionation capability in order to supply our internal and our customers' surfactant needs with methyl esters and value added derivatives. The start up of the plant in the second quarter of 2012 will mark an important step in building Stepan's surfactant franchise in Asia.

Customers with polyol requirements in the fast growing markets of Central and Eastern Europe can now be served by Stepan's new plant near Wroclaw, Poland, which was acquired in 2010. With the addition of this plant, Stepan has the talent, resources and technology in place to build on its position as the world's largest supplier of aromatic polyester polyols.

Members of the team pursing global growth opportunities include (from left) James Pall, Vice President, Corporate Development, Surfactants; Scott Mason, Vice President, Supply Chain; Lucas Martini, Plant Manager, Vespasiano, Brazil (pictured below); Robert Mangold, Vice President, Manufacturing and Engineering.

Strategic Acquisition — Lipid Nutrition

Stepan's strategy for growth encompasses both organic new product development through its innovation portfolio and, where appropriate, expansion through acquisition, particularly of product lines that fill out or build upon Stepan's existing offerings. The acquisition this year of the product lines of Lipid Nutrition B.V. in the Netherlands by Stepan Specialty Products, LLC is an example of a synergistic acquisition that positions the company for expansion in markets that are experiencing rapid growth.

The acquired product lines, Clarinol®, Marinol® and PinnoThin®, are well established outside of the United States and are sold primarily as dietary supplements, a market segment in which Stepan had a small presence. The patented Clarinol® Conjugated Linoleic Acid (CLA) has been sold as a dietary supplement for more than ten years as an ingredient

to help reduce body fat and increase lean muscle mass. It has been approved by the U.S. Food and Drug Administration (FDA) for use in certain foods since 2008. Marinol® concentrated Omega-3 triglycerides are used in clinical and infant nutritional products to promote cardiovascular and neurological health. PinnoThin®, derived from pine nuts, functions as an appetite suppressant. The acquired product lines were integrated into Stepan's Food and Health Specialties business, which was renamed Stepan Lipid Nutrition.

Members of the Stepan Lipid Nutrition Operating Committee gather in Maywood, N.J., including (standing from left) Mark Stanek, Dave Horan, Emile Henein, Casper Ravesteijn, Jenifer Galante, Jaap Kluifhooft and Bart van Eekelen. (Seated from left) Jim Butterwick and Tim Skelton.

Stepan Lipid Nutrition will operate from two locations — a centralized business management office in Maywood, New Jersey, and a sales and operations office near Amsterdam. In addition to a three-fold increase in staff, the acquisition brought added expertise in toxicology and regulatory affairs. The products will be manufactured at Stepan's Maywood plant, which is being expanded to meet production requirements. We will also continue to use an existing network of outside contract manufacturers.

The combination of Stepan's existing Neobee® Medium Chain Triglycerides (MCT) products with the new product lines creates a unique portfolio of nutritional fats for the food, supplement, nutrition and pharmaceutical industries worldwide. The acquisition brings together product expertise, global customer reach, a stronger patent portfolio and new products with clinically proven health benefits. We are already seeing customer acceptance of the combined product line and the advantages Stepan offers.

Global Trends in Sustainability

Stepan embraces a broad view of sustainability. We look internally to reduce the environmental impact of our operations but we also look externally and seek to enable our customers to achieve their sustainability objectives.

Our Polymer group is the largest global supplier of aromatic polyester polyols used in insulation products for low slope commercial roofing and metal panels for construction. Insulation is one of the most effective forms of energy conservation. Mounting interest around the world in ways to reduce fossil fuel consumption and lower carbon dioxide levels has led many customers to look to Stepan's polyol insulation products.

Our diversification into the metal panel segment illustrates how sustainability trends can contribute to growth. Insulated metal panels are an energy saving technology that has gained wide acceptance in many parts of the world. To create the panels, polyurethane foam is injected between two metal sheets, which results in a durable, low maintenance, easy-to-install building material that has high insulating value. High oil prices and increased calls for conservation have generated increased interest in Stepan's metal panel products.

Helping to find energy saving applications for Stepan polyols are Frank Pacholec, Vice President, Research and Development and Corporate Sustainability Officer; and Kevin Knutsen, Vice President, North American Polymers; and Angelo Gabbianelli, Business Manager, Laminate Polyols.

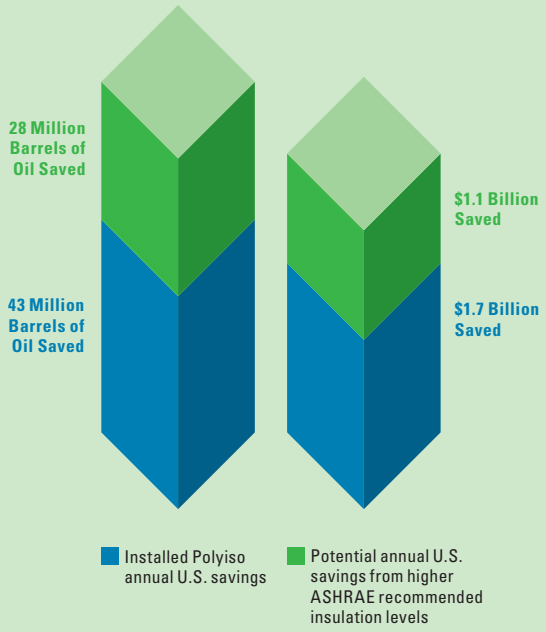
Reducing Energy Costs and Environmental Emissions with Insulation

According to a study cited by the Polyisocyanurate Insulation Manufacturers Association (PIMA), the polyiso insulation alone installed across the United States on low slope roofs between 1999 and 2003 generated average annual savings of 43 million barrels of oil and $1.7 billion in energy costs.

In the United States, buildings produce more than a third of the emissions that contribute to climate change. Because polyiso reduces the amount of oil consumed, millions of tons of pollutants are not released into the environment, including significant levels of carbon dioxide, sulpher dioxide and nitrogen oxides.

Global insulation standards continue to be increased through legislated mandates or stricter building codes. ASHRAE (the American Society of Heating, Refrigerating and Air-Conditioning Engineers) publishes widely recognized insulation standards that are commonly adopted in local U.S. building codes. In 2007, and again in 2010, ASHRAE increased its recommended insulation levels by 33 percent (and even higher in some climate zones) for a total 66 percent cumulative increase. As building codes get revised, insulation use levels will rise.

Stepan is a major supplier of polyol to the polyiso insulation manufacturers, thereby contributing significantly to this energy saving and environmental improvement effort.



Customer demand for renewable feedstocks is another sustainability trend driving Stepan. Our strategy is to deliver value to our customers and achieve organic growth through sustainability innovations that are synergistic with Stepan's core capabilities, platforms and markets. Our joint development agreement with Elevance Renewable Sciences, Inc., fits that profile. Using Elevance's Nobel Prize-winning metathesis technology, Stepan will create high performance ingredients for our core detergent, hard surface cleaning, personal care and agricultural markets that meet customers' sustainability objectives for renewable feedstocks, greater compaction and reduced energy consumption. During 2011, we explored a wide range of potential projects in a rigorous screening program and are now ready to move forward with several of those that show the most potential.

Safety First

As we continue to raise the bar with regard to our performance in all areas, the health and safety of our employees is paramount. In 2011, our global recordable rate, a key metric of the number and severity of safety incidents, was 0.89, versus 1.05 in 2010 and 1.29 in 2009. All employees are committed to being safe and effective environmental stewards. We are pleased that for a second consecutive year our facilities in Colombia, Mexico and the Philippines earned the Stepan President's Award. In addition, our plants in China, the United Kingdom and Winder, Georgia, have also earned this prestigious award, which is presented annually to any Stepan facility that meets seven specific safety and environmental performance criteria.

As part of its continuing efforts to enhance safe and secure operations globally, Stepan created the President's Award, which will be presented to any Stepan facility that meets seven specific safety and environmental performance criteria. Chairman F. Quinn Stepan presented the award to team members at the Company's plant in Bauan, Batangas, Philippines.

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 pre-spotters • 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 • 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 • Elastomers: Thermobreaks for metal thresholds and windows, engineering plastics

• Electrical: Wire and cable insulation, electrical tape, transmission hardware, circuit boards, switchgear housing, potting compounds • Furniture: Adhesives, flexible cushions • Household goods: Footwear, toys, luggage, book bindings, garden hoses, outerwear, tablecloths, shower curtains, upholstery • 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 • Military/aerospace: Encapsulation, electrical potting, cavity fill, cryogenic

insulation, floatation • Packaging: Meat and produce film, bottles and containers, packaging foam • Paints/coatings: Industrial and residential paints, polyurethane coatings, traffic paints • 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 • Pharmaceutical excipients

Five Year Summary

(In thousands, except per share and employee data)	2011	2010	2009	2008	2007
For the Year					
Net Sales	**$ 1,843,092**	$ 1,431,122	$ 1,276,382	$ 1,600,130	$ 1,329,901
Operating Income	**118,456**	107,897	104,888	70,680	35,095
Percent of Net Sales	**6.4%**	7.5%	8.2%	4.4%	2.6%
Income Before Provision for Income Taxes	**104,894**	101,479	97,131	54,878	23,715
Percent of Net Sales	**5.7%**	7.1%	7.6%	3.4%	1.8%
Provision for Income Taxes	**32,292**	35,888	34,028	17,615	8,687
Net Income Attributable to Stepan Company	**71,976**	65,427	63,049	37,172	15,118
Per Diluted Share[(a)]	**6.42**	5.90	5.84	3.52	1.50
Percent of Net Sales	**3.9%**	4.6%	4.9%	2.3%	1.1%
Percent to Total Stepan Company Stockholders' Equity[(b)]	**19.2%**	20.5%	25.3%	17.9%	7.8%
Cash Dividends Paid	**11,513**	10,570	9,557	8,863	8,431
Per Common Share	**1.0600**	0.9800	0.9000	0.8500	0.8250
Depreciation and Amortization	**47,099**	40,351	37,171	36,928	37,176
Capital Expenditures	**83,166**	73,748	42,631	49,778	39,815
Weighted-average Common Shares Outstanding (Diluted)	**11,220**	11,090	10,796	10,549	10,113
As of Year End					
Working Capital	**$ 246,516**	$ 222,199	$ 186,297	$ 116,288	$ 92,954
Current Ratio	**2.1**	2.1	2.1	1.5	1.5
Property, Plant and Equipment, Net	**383,983**	353,585	248,618	238,166	234,062
Total Assets	**901,118**	811,431	634,203	611,897	573,185
Long-term Debt Obligations	**164,967**	159,963	93,911	104,725	96,939
Total Stepan Company Stockholders' Equity	**401,211**	349,491	289,285	208,144	206,051
Per Share[(c)]	**37.02**	32.59	27.36	20.27	20.69
Number of Employees	**1,848**	1,768	1,594	1,578	1,525

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

(b) Based on average equity.

(c) Based on common shares and the assumed conversion of the convertible preferred shares outstanding at year end.

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, 2012) are included in the Company's 2011 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)	First	Second	Third	Fourth	Year
2011					
Net Sales	**$ 422,598**	**$ 476,989**	**$ 499,335**	**$ 444,170**	**$ 1,843,092**
Gross Profit	**61,786**	**69,585**	**64,080**	**60,112**	**255,553**
Interest, Net	**(2,063)**	**(2,194)**	**(2,256)**	**(2,582)**	**(9,095)**
Income Before Income Taxes	**27,135**	**31,332**	**28,229**	**18,198**	**104,894**
Net Income	**18,816**	**21,006**	**19,231**	**13,549**	**72,602**
Net Income Attributable to Stepan Company	**18,761**	**20,867**	**19,169**	**13,179**	**71,976**
Per Diluted Share	**1.68**	**1.87**	**1.70**	**1.17**	**6.42**
2010					
Net Sales	$ 337,030	$ 366,504	$ 366,800	$ 360,788	$ 1,431,122
Gross Profit	63,552	63,478	58,429	50,519	235,978
Interest, Net	(1,256)	(1,510)	(2,004)	(1,571)	(6,341)
Income Before Income Taxes	31,606	26,387	31,280	12,206	101,479
Net Income	20,681	17,069	19,223	8,618	65,591
Net Income Attributable to Stepan Company	20,660	17,046	19,230	8,491	65,427
Per Diluted Share	1.88	1.53	1.73	0.76	5.90

Quarterly Stock Data

	Stock Price Range Per Share				Dividends Paid Per Common Share	
Quarter	2011 High	2011 Low	2010 High	2010 Low	2011	2010
First	**$ 78.86**	**$ 68.62**	$ 67.67	$ 45.99	**$ 0.26**	$ 0.24
Second	**$ 75.22**	**$ 62.65**	$ 79.75	$ 54.95	**$ 0.26**	$ 0.24
Third	**$ 82.15**	**$ 65.39**	$ 72.17	$ 53.55	**$ 0.26**	$ 0.24
Fourth	**$ 83.65**	**$ 64.64**	$ 76.99	$ 59.00	**$ 0.28**	$ 0.26
Year	**$ 83.65**	**$ 62.65**	$ 79.75	$ 45.99	**$ 1.06**	$ 0.98

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, an industrial chemicals company, Malvern, Pennsylvania

Joaquin Delgado
Executive Vice President, Electro and Communications Business, 3M Company, a 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

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

Officers

F. Quinn Stepan
Chairman

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

James E. Hurlbutt
Vice President and
Chief Financial Officer

Scott C. Mason
Vice President, Supply Chain

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

Gregory Servatius
Vice President, Human Resources

John V. Venegoni
Vice President and General Manager, Surfactants

Robert J. Wood
Vice President and General Manager, Polymers

H. Edward Wynn
Vice President, General Counsel and Secretary

Kathleen O. Sherlock
Assistant General Counsel and Assistant Secretary

Departmental Vice Presidents

Finance

Matthew J. Eaken
Vice President and Corporate Controller

International

Charles A. Brown
Vice President, Latin America

John Hall
Vice President & General Manager, Stepan Asia – Pacific Surfactants

Anthony Martin
Vice President, Europe

Roger Stubbs
Vice President, European Polymers

Logistics

Debra A. Stefaniak
Vice President, Global Logistics

Manufacturing

Robert S. Mangold
Vice President, Manufacturing and Engineering

Kyle Montgomery
Vice President, Plant Operations, The Americas

Purchasing

Arthur W. Mergner
Vice President, Procurement

Richard H. Wehman, Jr.
Vice President, Strategic Purchasing

Research and Development

Matthew I. Levinson
Vice President, Global Process Development

Paul L. Neill
Vice President, Polymers Research and Development

Specialty Products

James M. Butterwick
Vice President, Specialty Products

Surfactants

Scott R. Behrens
Vice President, Business Management

Jeffrey E. Grahn
Vice President, Product Management

Sean T. Moriarty
Vice President, Consumer Products

Mark F. Mydlach
Vice President, Surfactant Sales

James S. Pall
Vice President, Corporate Development

Polymers

Kevin J. Knutsen
Vice President, North American Polymers

Corporate Information

Independent Registered Public Accounting Firm
Deloitte & Touche LLP, Chicago, Illinois

Transfer Agent and Registrar
Computershare Investor Services, LLC
2 North LaSalle St., Chicago, Illinois 60602
312.588.4991 Fax 312.293.4943
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 and SCLPR
Chicago Stock Exchange: SCL and SCLPR

Investor Relations
James E. Hurlbutt
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 2012 Annual Meeting for the Stockholders of the Company will be held at 9:00 a.m., Tuesday, April 24, 2012, 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, shareholders 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: COR CREATIVE, INC., CHICAGO

Stepan

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