

STEPAN CO  
Form 4  
October 31, 2006

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
**PACHOLEC FRANK**

(Last) (First) (Middle)  
**22 W FRONTAGE ROAD**  
  
(Street)

**NORTHFIELD, IL 60093**

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
**STEPAN CO [SCL]**

3. Date of Earliest Transaction  
(Month/Day/Year)  
**10/27/2006**

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director  10% Owner  
 Officer (give title below)  Other (specify below)  
**Vice President of R&D**

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |                                   |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|-----------------------------------|
|                                 |                                      |  | Code                           | V   | Amount  | Price  |                                   |                                   |
| Common Stock                    | 10/27/2006                           |  | S                              |   | 250 <sup>(1)</sup>  | D \$ 30.9625   | 533.9766 I                        | By Self as Custodian for Daughter |
| Common Stock                    | 10/27/2006                           |  | S                              |   | 250 <sup>(1)</sup>  | D \$ 30.8  | 283.9766 I                        | By Self as Custodian for Daughter |
| Common Stock                    | 10/27/2006                           |  | S                              |   | 183 <sup>(1)</sup>  | D \$ 30.65   | 100.9766 I                        | By Self as Custodian for Daughter |

|              |            |   |                              |   |         |        |   |                                   |
|--------------|------------|---|------------------------------|---|---------|--------|---|-----------------------------------|
| Common Stock | 10/27/2006 | S | 100 <sup>(1)</sup>           | D | \$ 30.5 | 0.9766 | I | By Self as Custodian for Daughter |
| Common Stock | 10/27/2006 | S | <u>0.9766</u> <sup>(1)</sup> | D | \$ 30.5 | 0      | I | By Self as Custodian for Daughter |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | 8. Price of Derivative Security (Instr. 5) | 9. Number of Derivative Securities Beneficially Owned (Instr. 5) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--|--|
|  |  |                                      |  | Code                           | V (A) (D)   | Date Exercisable   | Expiration Date   | Title                                      | Amount or Number of Shares                                       |

## Reporting Owners

| Reporting Owner Name / Address                               | Relationships |           |                       |       |
|--|---------------|-----------|-----------------------|-------|
|  | Director      | 10% Owner | Officer               | Other |
| PACHOLEC FRANK<br>22 W FRONTAGE ROAD<br>NORTHFIELD, IL 60093 |               |           | Vice President of R&D |       |

## Signatures

Frank Pacholec                      10/31/2006  
 \*\*Signature of                      Date  
 Reporting Person

## Explanation of Responses:

\* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) The Reporting Person disclaims beneficial ownership of the securities. The securities were owned directly in a custodial account for the benefit of the Reporting Person's daughter and are being disposed of by the beneficiary of that custodial account. Ownership of the securities was transferred to the Reporting Person's daughter by operation of law upon her attainment of majority in the State of Illinois on February 13, 2006.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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