

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the Quarter Ended October 31, 1996 Commission File Number
0-8675

OIL-DRI CORPORATION OF AMERICA

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
Incorporation or organization)

36-2048898
(I.R.S. Employer
Identification No.)

410 North Michigan Avenue
Chicago, Illinois 60611
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (312) 321-1515

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for at least the past 90 days.

Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the close of the period covered by this report.

Common Stock - 5,193,150 Shares (Including 565,467 Treasury Shares)
Class B Stock - 2,042,368 Shares

OIL-DRI CORPORATION OF AMERICA & SUBSIDIARIES
Consolidated Statements of Financial Position
ASSETS

	October 31 (Unaudited) 1996	July 31 1996
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 8,233,211	\$10,113,544
Investment Securities, at Cost	1,905,000	1,594,000
Accounts Receivable	23,311,456	20,666,623
Allowance for Doubtful Accounts	(278,487)	(225,970)
Inventories	11,064,621	11,737,068
Prepaid Expenses and Taxes	4,602,200	4,325,061
Total Current Assets	48,838,001	48,210,326

PROPERTY, PLANT AND EQUIPMENT - AT COST

Cost	114,437,608	112,943,046
Less Accumulated Depreciation and Amortization	56,625,627	54,730,624
Total Property, Plant and Equipment, Net	57,811,981	58,212,422

OTHER ASSETS

Goodwill(Net of Accumulated Amortization)	4,139,511	4,172,526
Deferred Income Taxes	2,264,291	2,264,291
Other	4,880,428	4,833,303
Total Other	11,284,230	11,270,120
Assets		
TOTAL ASSETS	\$117,934,212	\$117,692,868

OIL-DRI CORPORATION OF AMERICA & SUBSIDIARIES
Consolidated Statements of Financial Position
LIABILITIES & STOCKHOLDERS' EQUITY

	October 31 (Unaudited) 1996	July 31 1996
CURRENT LIABILITIES		
Current Maturities of Notes Payable	\$ 1,626,762	\$ 1,626,762
Accounts Payable - Trade	5,078,266	5,338,787
Dividends Payable	492,756	519,610
Accrued Expenses	10,004,748	10,326,518
Total Current Liabilities	17,202,532	17,811,677
 NONCURRENT LIABILITIES		
Notes Payable	18,978,000	18,978,000
Deferred Compensation	2,297,943	2,253,313
Other	1,541,724	1,420,382
Total Noncurrent Liabilities	22,817,667	22,651,695
Total Liabilities	40,020,199	40,463,372
 STOCKHOLDERS' EQUITY		
Common Stock	723,552	723,552
Paid-In Capital in Excess of Par Value	7,664,006	7,660,600
Retained Earnings	78,823,061	77,385,514
Cumulative Translation Adjustment	(940,247)	(1,018,416)
	86,270,372	84,751,250
Less Treasury Stock, At Cost	8,356,359	7,521,754
Total Stockholders' Equity	77,914,013	77,229,496
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$117,934,212	\$117,692,868

OIL-DRI CORPORATION OF AMERICA & SUBSIDIARIES
Consolidated Statements of Income and Retained Earnings
Three Months Ended October 31

	1996 (Unaudited)	1995 (Unaudited)
Net Sales	\$40,525,138	\$39,307,934
Cost Of Sales	28,233,253	27,648,886
Gross Profit	12,291,885	11,659,048
Selling, General And Administrative Expenses	9,210,274	9,312,281
Operating Income	3,081,411	2,346,767
OTHER INCOME (EXPENSE)		
Interest Expense	(467,195)	(490,161)
Interest Income	150,576	152,594
Foreign Exchange Loss	(304)	(3,593)
Other, Net	(63,478)	(54,426)
	(380,401)	(395,586)
Income Before Income Taxes	2,701,010	1,951,181
Income Taxes	770,707	538,293
Net Income	1,930,303	1,412,888
RETAINED EARNINGS		
Balance at Beginning of Year	77,385,514	76,033,462
Less: Cash Dividends Declared	492,756	517,464
Retained Earnings - October 31	\$78,823,061	\$76,928,886
Average Shares Outstanding	\$6,720,704	\$6,840,079
Net Income Per Share	\$0.29	\$0.21

OIL-DRI CORPORATION OF AMERICA & SUBSIDIARIES
Consolidated Statements of Cash Flows
For the Three Months Ended October 31 (Unaudited)

	1996 Unaudited	1995 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$1,930,303	\$1,412,888
Adjustments to Reconcile Net Income to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	1,927,452	2,019,766
Provision for bad debts	75,000	28,735
(Increase) Decrease in:		
Accounts Receivable	(2,667,316)	(2,468,662)
Inventories	672,447	(1,016,138)
Prepaid Expenses and Taxes	(282,843)	71,742
Other Assets	(48,058)	(91,996)
Increase (Decrease) in:		
Accounts Payable	(970,394)	160,589
Accrued Expenses	381,585	(104,528)
Other	121,341	168,042
Deferred Compensation	44,630	76,235
Total Adjustments	(746,156)	(1,156,215)
Net Cash Provided by Operating Activities	1,184,147	256,673
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures	(1,503,092)	(863,670)
Purchases of Investment Securities	(311,000)	-
Dispositions of Investment Securities	-	914,428
Other	21,583	-
Net Cash Provided by (Used in) Investing Activities	(1,792,509)	50,758
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Short Term Borrowings	-	257,380
Dividends Paid	(511,469)	(519,286)
Purchases of Treasury Stock	(834,605)	(1,370,034)
Other	74,103	(23,757)
Net Cash Used In Financing Activities	(1,271,971)	(1,655,697)
Net Decrease in Cash and Cash Equivalents	(1,880,333)	(1,348,266)
Cash and Cash Equivalents, Beginning of Year	10,113,544	8,829,667
Cash and Cash Equivalents, October 31	\$ 8,233,211	\$7,481,401

MANAGEMENT DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

THREE MONTHS ENDED OCTOBER 31, 1996 COMPARED TO THREE
MONTHS ENDED OCTOBER 31, 1995

RESULTS OF OPERATIONS

Consolidated net sales for the three months ended October 31, 1996 were \$40,525,000, an increase of \$1,217,000, or 3.0%, over net sales of \$39,308,000 in the first quarter of fiscal 1996. Net income for the three months ended October 31, 1996 was \$1,930,000 or \$0.29 per share, an increase of 36.6% from \$1,413,000, or \$0.21 per share, earned in the prior year's quarter.

Net sales of cat box absorbents increased \$1,164,000 or 4.9% from fiscal 1996 first quarter results even though sales to Sam's Club were down approximately \$2,000,000 in the current quarter compared to the same quarter of the prior fiscal year. The growth resulted from increased sales of branded and private label products in both the grocery and mass merchandiser markets. Net sales of agricultural and fluids purification products increased \$1,349,000, or 17.2%, from the comparable period in fiscal 1996. The higher sales resulted from increased demand for AGSORB carriers as well as PURE-FLO Supreme and ULTRA-CLEAR fluids purification products. Net sales of industrial and environmental sorbents decreased \$617,000, or 13.2%, from prior year first quarter levels. The decrease resulted from lower net sales of industrial clay absorbents (\$459,000) and non-clay sorbents (\$158,000). The lower sales are the result of increased competition in the industrial markets in which the Company participates and open positions in the sales force responsible for these products. Net sales of transportation services decreased \$421,000 or 17.1% from the first quarter of fiscal 1996.

Consolidated gross profit as a percentage of net sales for the three months ended October 31, 1996 increased to 30.3% from 29.7% in the comparable period of fiscal 1996. Changes in sales mix and a Company-wide effort to reduce costs contributed to this increase.

Operating expenses as a percentage of net sales decreased to 22.7% in the first quarter of fiscal 1997 from 23.7% in the same quarter of fiscal 1996. This decrease is primarily due to lower advertising and promotion costs for the new consumer products introduced during the first quarter of last year.

Interest expense decreased \$23,000 while interest income was flat.

The Company's effective tax rate was 28.5% of pre-tax income in the first quarter of 1997 as compared to 27.6% for the first quarter of fiscal 1996.

Total assets of the Company increased \$241,000 during the first quarter of fiscal 1997. Current assets increased \$628,000, or 1.3%, from fiscal 1996 year end balances primarily due to increased accounts receivable, partially offset by lower inventory and cash and cash equivalents levels. Property, plant and equipment, net of accumulated depreciation, decreased \$400,000 during the quarter.

Total liabilities in the three months ended October 31, 1996 decreased \$443,000. Current liabilities decreased \$609,000 or 3.4% from July 31, 1996 balances while noncurrent liabilities increased \$166,000 or 0.7%.

EXPECTATIONS

The Company anticipates continued moderate sales growth for the remainder of fiscal 1997. Sales of branded cat box absorbents are expected to increase as new product introductions gain incremental distribution in the grocery and mass merchandiser markets. However, this overall sales growth is subject to continuing competition for shelf space in the grocery, mass merchandiser and club markets. The Company expects the profitability of these products to favorably impact earnings as spending on advertising and promotion returns to more normal levels throughout the remainder of fiscal 1997. Crop prices and export demand indicate that the market for the Company's agricultural products should remain strong in the foreseeable future.

The foregoing statements under this heading are "forward-looking statements" within the meaning of that term in the Securities Exchange Act of 1934, as amended. Actual results may be lower than those reflected in these forward-looking statements, due primarily to: continued vigorous competition in the grocery, mass merchandiser and club markets; the level of success of new products; and the cost of new product introductions and promotions in the consumer market. The forward-looking statements also involve the risk of changes in market conditions in the overall economy and, for the agricultural division, in planting activity and overall agricultural demand, including export demand.

LIQUIDITY AND CAPITAL RESOURCES

The current ratio increased to 2.8 at October 31, 1996 compared to 2.7 at July 31, 1996. Working capital increased \$1,237,000 in the three months ended October 31, 1996 to \$31,635,000. Cash provided by operations continues to be the Company's primary source of funds to finance operating needs and capital expenditures. During the quarter the balances of cash, cash equivalents and other investments declined \$1,569,000 due to capital expenditures (\$1,503,000), purchases of the Company's Common Stock (\$835,000) and dividends paid (\$511,000). Total cash and investment balances held by the Company's foreign subsidiaries at October 31, 1996 and 1995 were \$2,885,000 and \$2,348,000, respectively.

FOREIGN OPERATIONS

Net sales by the Company's foreign subsidiaries for the three months ended October 31, 1996 were \$3,001,000 or 7.4% of sales. This represents an increase of \$93,000, or 3.2%, from the first quarter of fiscal 1996 in which foreign subsidiary sales were \$2,908,000, also 7.4% of sales. Net income of the foreign subsidiaries for the first quarter of fiscal 1997 was \$145,000 compared with \$143,000 in the first quarter of fiscal 1996. Identifiable assets of the Company's foreign subsidiaries as of October 31, 1996 were \$9,833,000 an increase of \$658,000 from \$9,175,000 as of October 31, 1995.

Part II - Other Information

- Item 5. (a) Exhibits: The following document is an exhibit to this report.
Exhibit - 11 - Statement Re: Computation of Per Share Earnings.
- (b) During the quarter for which this report is filed, no reports on Form 8-K were filed.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

OIL-DRI CORPORATION OF AMERICA
(Registrant)

BY /s/MICHAEL L. GOLDBERG
Michael L. Goldberg
Vice President, Chief Financial Officer

BY /s/DANIEL S. JAFFEE
Daniel S. Jaffee
President and Chief Operating Officer

Dated: December 12, 1996

OIL-DRI CORPORATION OF AMERICA
Computation of Weighted Average Number
of Shares Outstanding

Quarter End	Period	Number of Days	Number of Shares Outstanding	Weighted Shares	Average Shares-(Weighted Shares)Number of Days As Adjusted	
October 31, 1996	08/01/96 to 09/24/96	55	6,736,451	370,504,805		
	09/25/96 to 09/25/96	1	6,733,951	6,733,951		
	09/26/96 to 09/26/96	1	6,717,551	6,717,551		
	09/27/96 to 09/29/96	3	6,710,451	20,131,353		
	09/30/96 to 09/30/96	1	6,708,451	6,708,451		
	10/01/96 to 10/01/96	1	6,705,251	6,705,251		
	10/02/96 to 10/02/96	1	6,702,251	6,702,251		
	10/03/96 to 10/14/96	12	6,701,751	80,421,012		
	10/15/96 to 10/15/96	1	6,698,451	6,698,451		
	10/16/96 to 10/16/96	1	6,695,751	6,695,751		
	10/17/96 to 10/17/96	1	6,690,251	6,690,251		
	10/18/96 to 10/28/96	11	6,678,051	73,458,561		
	10/29/96 to 10/31/96	3	6,670,051	20,010,153		
			92		618,177,792	6,719,324

Assuming exercise of options reduced by the number of shares which could have been purchased with the proceeds from exercise of such options.

1,380
6,720,704

October 31, 1995	08/01/95 to 08/08/95	8	6,901,322	55,210,576	
	08/09/95 to 10/10/95	63	6,841,322	431,003,286	
	10/11/95 to 10/11/95	1	6,814,922	6,814,922	
	10/12/95 to 10/31/95	20	6,812,922	136,258,440	
		92		629,287,224	6,840,079

Assuming exercise of options reduced by the number of shares which could have been purchased with the proceeds from exercise of such options.

0
6,840,079

3-MOS	
	JUL-31-1997
	OCT-31-1996
	8,233,211
	1,905,000
	23,311,456
	278,487
	11,064,621
	48,838,001
	114,437,608
	(56,625,627)
	117,934,212
17,202,532	
	18,978,000
	0
	0
	723,552
	77,914,013
117,934,212	
	40,525,138
40,525,138	
	28,233,253
	28,233,253
	9,048,680
	75,000
	467,195
	2,701,010
	770,707
1,930,303	
	0
	0
	0
	1,930,303
	0.29
	0.29