

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, 1997 Commission File Number 0-8675

OIL-DRI CORPORATION OF AMERICA
(Exact name of registrant as specified in its charter)

DELAWARE	36-2048898
-----	-----
(State or other jurisdiction of Incorporation or organization)	(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 - 5,417,130 Shares (Including 973,760 Treasury Shares)
Class B Stock - 1,818,388 Shares

OIL-DRI CORPORATION OF AMERICA & SUBSIDIARIES
 CONSOLIDATED BALANCE SHEETS
 (IN THOUSANDS OF DOLLARS)
 (UNAUDITED)

	OCTOBER 31 1997 -----	JULY 31 1997 -----
ASSETS		
CURRENT ASSETS		

Cash and Cash Equivalents	\$ 4,100	\$ 9,997
Investment Securities	1,553	1,544
Accounts Receivable	23,337	20,341
Allowance for Doubtful Accounts	(245)	(261)
Inventories	10,991	10,604
Prepaid Expenses and Taxes	4,710	4,685
	-----	-----
TOTAL CURRENT ASSETS	44,446	46,910
	-----	-----
PROPERTY, PLANT AND EQUIPMENT - AT COST		

Cost	115,823	114,533
Less Accumulated Depreciation and Amortization	(60,574)	(58,737)
	-----	-----
TOTAL PROPERTY, PLANT AND EQUIPMENT, NET	55,249	55,796
	-----	-----
OTHER ASSETS		

Goodwill (Net of Accumulated Amortization)	4,008	4,040
Deferred Income Taxes	2,430	2,446
Other	5,264	5,366
	-----	-----
TOTAL OTHER ASSETS	11,702	11,852
	-----	-----
TOTAL ASSETS	\$111,397 =====	\$114,558 =====

The accompanying notes are an integral part of the consolidated financial statements.

OIL-DRI CORPORATION OF AMERICA & SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS OF DOLLARS)
(UNAUDITED)

	OCTOBER 31 1997 -----	JULY 31 1997 -----
LIABILITIES & STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES -----		
Current Maturities of Notes Payable	\$ 1,943	\$ 1,946
Accounts Payable	4,438	4,050
Dividends Payable	465	475
Accrued Expenses	7,214	9,274
	-----	-----
TOTAL CURRENT LIABILITIES	14,060	15,745
	-----	-----
NONCURRENT LIABILITIES -----		
Notes Payable	17,052	17,052
Deferred Compensation	2,723	2,750
Other	1,770	1,681
	-----	-----
TOTAL NONCURRENT LIABILITIES	21,545	21,483
	-----	-----
TOTAL LIABILITIES	35,605	37,228
	-----	-----
STOCKHOLDERS' EQUITY -----		
Common and Class B Stock	724	724
Paid-In Capital in Excess of Par Value	7,698	7,686
Restricted Unearned Stock Compensation	(59)	(18)
Retained Earnings	83,660	82,243
Cumulative Translation Adjustment	(903)	(907)
	-----	-----
Less Treasury Stock, At Cost	91,120 (15,328)	89,728 (12,398)
	-----	-----
TOTAL STOCKHOLDERS' EQUITY	75,792	77,330
	-----	-----
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$111,397 =====	\$114,558 =====

The accompanying notes are an integral part of the consolidated financial statements.

OIL-DRI CORPORATION OF AMERICA & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS
(IN THOUSANDS OF DOLLARS, EXCEPT FOR PER SHARE AMOUNTS)
(UNAUDITED)

	FOR THE THREE MONTHS ENDED OCTOBER 31	
	1997	1996
NET SALES	\$ 39,749	\$ 40,525
Cost Of Sales	27,851	28,233
GROSS PROFIT	11,898	12,292
Selling, General And Administrative Expenses	8,825	9,243
INCOME FROM OPERATIONS	3,073	3,049
OTHER INCOME (EXPENSE)		
Interest Expense	(439)	(467)
Interest Income	112	151
Foreign Exchange Gain (Loss)	1	(1)
Other, Net	(147)	(31)
TOTAL OTHER EXPENSE, NET	(473)	(348)
INCOME BEFORE INCOME TAXES	2,600	2,701
Income Taxes	728	771
NET INCOME	1,872	1,930
RETAINED EARNINGS		
Balance at Beginning of Year	82,243	77,386
Less Cash Dividends Declared	455	493
RETAINED EARNINGS - OCTOBER 31	\$ 83,660	\$ 78,823
AVERAGE SHARES OUTSTANDING	6,326,613	6,720,704
NET INCOME PER SHARE	\$ 0.30	\$ 0.29

The accompanying notes are an integral part of the consolidated financial statements.

OIL-DRI CORPORATION OF AMERICA & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS OF DOLLARS)
(UNAUDITED)

	FOR THE THREE MONTHS ENDED OCTOBER 31	
	1997	1996
CASH FLOWS FROM OPERATING ACTIVITIES		

NET INCOME	\$ 1,872	\$ 1,930
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	1,920	1,927
Provision for bad debts	(20)	75
(Increase) Decrease in:		
Accounts Receivable	(2,992)	(2,667)
Inventories	(387)	672
Prepaid Expenses and Taxes	(24)	(283)
Other Assets	21	(48)
Increase (Decrease) in:		
Accounts Payable	388	(970)
Accrued Expenses	(2,061)	382
Deferred Compensation	(27)	121
Other	89	45
	-----	-----
TOTAL ADJUSTMENTS	(3,093)	(746)
	-----	-----
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(1,221)	1,184
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		

Capital Expenditures	(1,218)	(1,503)
Proceeds from sale of property, plant and equipment	4	-
Purchases of Investment Securities	(190)	(311)
Dispositions of Investment Securities	181	-
Other	(18)	21
	-----	-----
NET CASH USED IN INVESTING ACTIVITIES	(1,241)	(1,793)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES		

Principal Payments on Long-Term Debt	(3)	-
Dividends Paid	(466)	(511)
Purchases of Treasury Stock	(2,970)	(835)
Other	4	74
	-----	-----
NET CASH USED IN FINANCING ACTIVITIES	(3,435)	(1,272)
	-----	-----
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,897)	(1,881)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	9,997	10,114
	-----	-----
CASH AND CASH EQUIVALENTS, OCTOBER 31	\$ 4,100	\$ 8,233
	=====	=====

The accompanying notes are an integral part of the consolidated financial statements.

OIL-DRI CORPORATION OF AMERICA & SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 (UNAUDITED)

1. BASIS OF STATEMENT PRESENTATION

The financial statements and the related notes are condensed and should be read in conjunction with the consolidated financial statements and related notes for the year ended July 31, 1997, included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission.

The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany transactions are eliminated.

The unaudited financial information reflects all adjustments which are, in the opinion of management, necessary for a fair presentation of the statements contained herein.

2. INVENTORIES

The composition of inventories is as follows (in thousands):

	OCTOBER 31 (UNAUDITED) 1997	JULY 31 (UNAUDITED) 1997
	-----	-----
Finished goods	\$ 6,882	\$ 6,684
Packaging	3,221	3,168
Other	888	752
	-----	-----
	<u>\$10,991</u>	<u>\$10,604</u>
	=====	=====

Inventories are valued at the lower of cost or market. Cost is determined by the first-in, first-out method.

3. SUBSEQUENT EVENT

Subsequent to the close of the first quarter, the company divested its trucking business which generated net sales of \$8.9 million during fiscal 1997, but operated on a break-even basis. At the same time, the Company signed an agreement with CRST, Inc., in Cedar Rapids, Iowa, to outsource all of its trucking requirements effective November 22, 1997. In conjunction with the divestiture of the trucking business, the Company announced that it planned to take a restructuring charge of approximately \$2,500,000 to \$3,000,000 in the second quarter of fiscal 1998 to cover the costs of exiting the trucking business and to write off certain other non-performing assets.

MANAGEMENT DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

THREE MONTHS ENDED OCTOBER 31, 1997 COMPARED TO THREE
MONTHS ENDED OCTOBER 31, 1996

RESULTS OF OPERATIONS

Consolidated net sales for the three months ended October 31, 1997 were \$39,749,000, a decrease of 1.9% from net sales of \$40,525,000 in the first three months of fiscal 1997. Net income for the first three months of fiscal 1998 was \$1,872,000 or \$0.30 per share, compared to \$1,930,000 or \$0.29 per share earned in last year's quarter. Net income decreased 3.0% versus a 3.4% increase in earnings per share due to 394,000 fewer shares outstanding during the first quarter of fiscal 1998 as compared to the first quarter of fiscal 1997.

Net sales of cat box absorbents decreased \$482,000, or 2.0% from prior year amounts, due in part to a short-term trial of Cat's Pride(R) Premium Scoopable product in Sam's stores in the first quarter of fiscal 1997. Net sales of agricultural and fluids purification products decreased \$193,000, or 2.1%, from the comparable period in fiscal 1997. The lower sales resulted from decreased demand for AGSORBR carriers partially offset by an increase in sales of fluids purification products. Net sales of industrial and environmental sorbents increased \$157,000, or 3.6%, from prior year levels. The increase was due primarily to higher floor absorbent sales in the United Kingdom. Net sales of transportation services decreased \$258,000 or 10.4% from the first quarter of fiscal 1997 due to lower backhaul revenue resulting from a reduction in the Company's fleet.

Consolidated gross profit as a percentage of net sales for the three months ended October 31, 1997 decreased to 29.9% from 30.3% in the comparable period of fiscal 1997. Changes in sales mix and higher natural gas prices contributed to this decrease.

Operating expenses as a percentage of net sales decreased to 22.2% in the first three months of fiscal 1998 from 22.8% in the same period of fiscal 1997. This decrease is primarily attributable to first quarter fiscal 1997 expenses related to the development of the Company's strategic planning initiatives.

Interest expense decreased \$28,000 and interest income decreased \$39,000.

The Company's effective tax rate was 28.0% of pre-tax income in the first quarter of fiscal 1998 as compared to 28.5% for the same period of fiscal 1997.

The assets of the Company decreased \$3,161,000 during the first quarter of fiscal 1998. Current assets decreased \$2,464,000, or 5.3%, from fiscal 1997 year end balances primarily due to decreased cash and cash equivalents, partially offset by higher accounts receivable. Property, plant and equipment, net of accumulated depreciation, decreased \$547,000 during the first quarter due to depreciation expense exceeding capital expenditures.

Total liabilities in the quarter ended October 31, 1997 decreased \$1,623,000, due primarily to lower compensation-related accruals. Current liabilities decreased \$1,685,000 or 10.7% from July 31, 1997 balances, also due to lower compensation-related accruals.

EXPECTATIONS

The Company anticipates sales during the remainder of fiscal 1998 will be at about the same level as sales in the comparable period of fiscal 1997 after taking into account the approximately \$2 million per quarter of backhaul revenue previously generated by the Company's trucking business, which was divested on November 21, 1997. Moderately higher sales of cat box absorbents and fluid purification products should substantially offset the lost backhaul revenue. However, sales growth of cat box absorbents is subject to continuing competition for shelf space in the grocery, mass merchandiser and club markets. Demand for AGSORB(R) carriers is expected to improve slightly through the remainder of the fiscal year.

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 consumer markets. These forward-looking statements also involve the risk of changes in market conditions in the overall economy and, for the agricultural and fluids purification division, in the planting activity, crop quality and overall agricultural demand, including export demand.

LIQUIDITY AND CAPITAL RESOURCES

The current ratio increased to 3.2 at October 31, 1997 from 3.0 at July 31, 1997. Working capital decreased \$779,000 during the three months ended October 31, 1997 to \$30,386,000. Cash provided by operations continues to be the Company's primary source of funds to finance investing needs and financing activities. During the three months ended October 31, 1997, the balances of cash, cash equivalents and other investments decreased \$5,888,000, primarily due to purchases of the Company's common stock (\$2,970,000), capital expenditures (\$1,218,000) and payment of dividends (\$466,000). Total cash and investment balances held by the Company's foreign subsidiaries at October 31, 1997 and July 31, 1997 were \$2,942,000 and \$2,803,000 respectively.

FOREIGN OPERATIONS

Net sales by the Company's foreign subsidiaries for the three months ended October 31, 1997, were \$3,064,000, or 7.7% of total Company sales. This represents an increase of \$63,000 from the same period of fiscal 1997, in which foreign subsidiary sales were \$3,001,000, or 7.4% of total Company sales. Net income of the foreign subsidiaries for the first quarter of fiscal 1998 was \$186,000 compared with \$145,000 in the same period of fiscal 1997. Identifiable assets of the Company's foreign subsidiaries as of October 31, 1997, were \$10,532,000, an increase of \$666,000 from \$9,866,000 as of July 31, 1997. The increase is primarily due to higher prepaid expenses, inventories, and cash and cash equivalents.

Part II - Other Information

ITEM 6. (a) Exhibits: The following documents are an exhibit to this report.

Exhibit 11: Statement Re: Computation of per share earnings.

Exhibit 27: Financial Data Schedule

(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
Executive Vice President and Chief Financial Officer

BY /s/Daniel S. Jaffee

Daniel S. Jaffee
President and Chief Executive Officer

Dated: December 12, 1997

EXHIBIT 11

OIL-DRI CORPORATION OF AMERICA AND SUBSIDIARIES
 Computation of Earnings Per Share
 (in thousands of dollars except for per share amounts)

	FOR THE THREE MONTHS ENDED OCTOBER 31	
	1997	1996
Average number of shares outstanding during the period	6,274,031	6,719,324
Options exercisable, less shares that could have been purchased based on the average market value for the period	52,582	1,380
Average number of common and common equivalent shares outstanding during the period (a)	6,326,613	6,720,704
Net earnings	\$ 1,872	\$ 1,930
Net earnings per share	\$ 0.30	\$ 0.29

(a) Excludes options which are not dilutive. Effect under fully diluted computations is not material.

3-MOS		
	JUL-31-1998	
	OCT-31-1997	
		4,100,000
		1,553,000
		23,337,000
		245,000
		10,991,000
		44,446,000
		115,823,000
		(60,574,000)
		111,397,000
	14,060,000	
		17,052,000
	0	
		0
		724,000
		75,068,000
111,397,000		
		39,749,000
	39,749,000	
		27,851,000
		27,851,000
		8,879,000
		(20,000)
		439,000
		2,600,000
		728,000
	1,872,000	
		0
		0
		0
		1,872,000
		0.30
		0.30