

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the fiscal year ended July 31, 1996 Commission File No. 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 identifi- cation no.)

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

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value \$.10 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None
(Title of Class)

Number of Shares of each class of Registrant's common stock outstanding as
of September 30, 1996:

Common Stock - 5,193,150 shares (including 527,067 treasury shares)
Class B Stock - 2,042,368 shares
Class A Common Stock - 0 shares

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 (or for such shorter period that the
Registrant was required to file such reports), and (2) has been subject to
such filing requirements for the past 90 days:

Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item
405 of Regulation S-K is not contained herein, and will not be contained,
to the best of registrant's knowledge, in definitive proxy or information
statements incorporated by reference in Part III of this Form 10-K or any
amendment to this Form 10-K. []

Aggregate market value of Registrant's Common Stock owned by
non-affiliates - \$61,035,945 (based on the closing price on September 30,
1996).

DOCUMENTS INCORPORATED BY REFERENCE

The following documents are incorporated herein by reference:

1. Registrants Proxy Statement for its 1996 Annual Meeting of
Stockholders (Proxy Statement), which will be filed with the
Securities and Exchange Commission not later than November 28,
1996 (120 days after the end of Registrants fiscal year ended
July 31, 1996), is incorporated into Part III of this Annual
Report on Form 10-K, as indicated herein.
2. The following portions of Registrant's 1996 Annual Report to
Stockholders ("Annual Report"), which is an exhibit to this Annual

Report on Form 10-K, are incorporated into Parts I, II and IV of this Annual Report on Form 10-K, as indicated herein (page numbers refer to the Annual Report):

- a) Common Stock on page 34.
- b) Five-Year Summary of Financial Data on page 13.
- c) Management's Discussion and Analysis of Financial Condition and Results of Operations on pages 14 to 17.
- d) Consolidated Statements of Income on page 20.
- e) Consolidated Statements of Stockholders' Equity on page 21.
- f) Consolidated Statements of Financial Position on pages 18 and 19.
- g) Consolidated Statements of Cash Flows on page 22.
- h) Notes to Consolidated Financial Statements on pages 23 to 33.
- i) Independent Auditor's Report on page 34.
- j) Selected Quarterly Financial Data on page 33.

PART I

Item 1. BUSINESS

Oil-Dri Corporation of America was incorporated in 1969 in Delaware as the successor to an Illinois corporation incorporated in 1946 which was the successor to a partnership which commenced business in 1941. Except as otherwise indicated herein or as the context otherwise requires, references herein to "Registrant" or to Company are to Oil-Dri Corporation of America and its subsidiaries. The Registrant is a leader in developing, manufacturing and marketing sorbent products and related services for the consumer, industrial, environmental, agricultural and fluids purification markets. The Registrant's products are principally produced from clay minerals and, to a lesser extent, other sorbent materials. Consumer products, consisting primarily of cat litter, are sold through the grocery products industry, mass merchandising, warehouse clubs, and pet specialty retail outlets. Industrial and environmental products, consisting primarily of oil, grease and water sorbents (both clay and nonclay), are sold to distributors of industrial cleanup and automotive products, environmental service companies, and retail outlets. Agricultural products, which include carriers for crop protection chemicals and fertilizers, drying agents, soil conditioners, pellet binders for animal feeds and flowability aids, are sold to manufacturers of agricultural chemicals and distributors of other agricultural products. Fluids purification products, consisting primarily of bleaching, filtration and clarification clays, are sold to processors and refiners of edible and petroleum-based oils.

The Registrant's sorbent technologies include absorbent and adsorbent products. Absorbents, like sponges, draw liquids up into their many pores. Examples of Oil-Dri's absorbent products are CAT'S PRIDE Premium Cat Litter and other cat litters, OIL-DRI ALL PURPOSE mineral floor absorbent and AGSORB granular agricultural chemical carriers.

Adsorbent products attract liquids, impurities, metals and surfactants to themselves and form low level chemical bonds. The Registrant's adsorbents are used for cleanup and filtration mediums. The Registrant's adsorbent products include OIL-DRI LITE Sorbents for industrial and environmental cleanup, PURE-FLO, PURE-FLO SUPREME, PERFORM and SELECT Bleaching Clays for edible oils, fats and tallows, and ULTRA-CLEAR Clarification Aids for petroleum based oils and by-products.

The Registrant has pursued a strategy of developing value-added and branded products for consumer, industrial and environmental, agricultural and fluids purification uses, where the Registrant's marketing and research and development capabilities can play important roles. The Registrant's products are sold through its specialized divisional sales staffs supported by technical service representatives and through a network of industrial distributors and food brokers. The Registrant maintains its own research and development facility and staff. The Registrant's transportation subsidiary ships Oil-Dri products and the products of its customers and other third parties.

Certain financial information about Registrant's foreign and domestic operations is contained in Note 2 of Notes to Consolidated Financial Statements on page 25 of the Annual Report and is incorporated herein by reference.

Consumer Products

The Registrant's cat litter products, in both coarse granular and fine granular clumping (scoopable) forms, are sold under the Registrant's CAT'S PRIDE and LASTING PRIDE brand names, FRESH STEP and CONTROL brands manufactured for The Clorox Company and private label cat litters manufactured for mass merchandisers, wholesale clubs, drug chains, pet superstores and retail grocery stores. These products are sold through independent food brokers and the Registrant's representatives to major grocery outlets such as Albertsons, Fleming Foods, Publix, Winn Dixie, and others. LASTING PRIDE is principally sold to mass merchandisers such as Wal-Mart and K-Mart.

During fiscal year 1996, the Registrant introduced CAT'S PRIDE Kat Kit, a disposable cat litter tray. Made with 100% recycled plastic and filled with the Registrant's CAT'S PRIDE Premium cat litter, the tray is designed as a touchless system for cat box care.

The Registrant and The Clorox Company have long-term arrangements under which they developed FRESH STEP and CONTROL premium-priced cat litter products. FRESH STEP and CONTROL brands, which are owned, trademarked and marketed by The Clorox Company, both utilize the Registrant's special low density, highly absorbent clay mineral. FRESH STEP contains microencapsulated odor controllers which are activated by the cat. The Registrant has a long-term exclusive right to supply The Clorox Company's requirements for FRESH STEP and CONTROL up to certain levels. According to independently published supermarket industry reports, FRESH STEP was the largest dollar grossing branded cat litter sold through grocery chains in the United States during the year ended July 14, 1996.

Traditional coarse granular clay litters once represented approximately 98% of the market. Beginning in 1990, the cat litter market changed and traditional coarse litters are now complemented by new, fine granule clumping (scoopable) products. These clumping products have the characteristic of binding together and expanding when moisture is introduced. The Registrant's clumping cat litter is based on naturally occurring organic ingredients which are biodegradable. On an industry-wide basis, clumping cat litters have assumed market shares in excess of 42% of retail dollar sales volume in the grocery industry and 56% of retail dollar sales volume in the mass merchandiser industry in the 52 week period ended July 14, 1996, compared with 39% and 49%, respectively, in a similar period last year.

Industrial and Environmental Products

Products for industrial applications include the Registrant's oil, grease, and water sorbents, which are cost effective floor maintenance products that provide a nonslip and nonflammable surface for workers. These products are sold through a wide range of distribution channels and have achieved a high level of brand name recognition. The Registrant distributes clay-based sorbents sold in granular form and in other configurations such as pillows and socks. The Registrant also distributes non-clay sorbents including its OIL-DRI Industrial Pad and OIL-DRI Industrial Rug, which are made of needle-punched polypropylene.

The Registrant added polypropylene products to its industrial sorbents product line and also entered the marine oil spill response market through its acquisition of Industrial Environmental Products, Inc. ("IEP") in April, 1990. IEP was a distributor and marketer of these products, primarily in the southeast United States. The Registrant purchases the majority of these polypropylene materials from several unaffiliated suppliers. The Registrant has acquired equipment affording it the capability to cut polypropylene products, acquired in bulk form, to customer specifications and to fill a variety of configurations. The polypropylene products will collect up to approximately 15 times their own weight in liquids and offer the added benefit of incinerability and recyclability in accordance with environmentally permissible methods. OIL-DRI Sorbent Booms and OIL-DRI Sorbent Pads, which are made from meltblown polypropylene, will selectively remove oil from the surface of any body of water. They can be used for emergency spill response or for cleaning and maintenance. The Registrant's needle-punched polypropylene products will adsorb oil and aqueous liquids from industrial floors and surfaces.

The Registrant sells its industrial and environmental products through a distributor network that includes industrial, auto parts, safety, sanitary supply, chemical and paper distributors and environmental service companies. The Registrant supports the efforts of the industrial distributors with specialized divisional sales personnel.

The Registrant also produces for the consumer market OIL-DRI Automotive, a floor absorbent for home and garage use. This product is sold through automobile parts distributors and mass merchandisers.

Agrisorbents Product Group

The Registrant produces and markets a wide range of granular and powdered mineral absorbent products that are used with crop protection chemicals, animal feed, fertilizers and other horticultural applications. Products include AGSORB agricultural chemical carriers and drying agents; FLO-FRE, a highly absorbent microgranule flowability aid; PEL-UNITE and CONDITIONADE, pelleting aids, used in the manufacture of animal feeds, and TERRA GREEN Soil Conditioner.

The AGSORB Carriers are used as mediums of distribution for crop protection chemicals, including herbicides, fungicides, insecticides, and fertilizers. AGSORB customized carriers are designed to reduce dust and to increase accuracy of application. The Registrant's AGSORB Drying Agent is used to prevent clogging in specialized farm machinery and enables farmers to evenly apply granular fertilizers and liquid pesticides to their fields in one application. The Registrant has also developed AGSORB as a blending agent for fertilizers and chemicals used in the lawn and garden market.

Agricultural products are marketed in the United States by technical salesmen employed by the Company who sell to crop protection chemical manufacturers, feed producers and agricultural product distributors. The Registrant's principal customers for these products include the agricultural groups of Monsanto, DowElanco and Zeneca.

Fluids Purification Products Group

Fluids purification products include PURE-FLO Bleaching Clays, ULTRA-CLEAR clarification aids, and PURE-FLO Supreme. These products are supported by a team of technical sales and support representatives employed by the Company and the services of the Registrant's research and development group. The products are marketed in the United States and international markets.

PURE-FLO Bleaching Clays, used in the bleaching of edible oils, remove impurities and color bodies from these oils. The primary customers for these products are refiners of food oils. ULTRA-CLEAR Clarification Aid is used as a filtration and purification medium for jet fuel and other petroleum based oils. This product adsorbs unwanted moisture and other impurities, and is primarily sold to oil refiners.

Two new products introduced during the fiscal year, PERFORM and SELECT, offer performance advances to refiners. The Perform products are the next generation of bleaching clays, providing increased activity for hard-to-bleach oils. The SELECT line of products is used earlier in the process stream to remove a variety of impurities from edible oils. SELECT can also be used to replace the water wash step in the caustic refining of edible oils.

Transportation Services

Oil-Dri Transportation Company leases or contracts for 104 tractors, 277 trailers, 210 covered rail hopper cars and other special use equipment for the delivery of the Registrant's products in package and bulk form. Through this subsidiary, the Registrant is better able to control freight costs, maintain delivery schedules and assure equipment availability. Oil-Dri Transportation Company primarily performs transportation services for the Registrant on outbound movements from the Registrant's production plants. Oil-Dri Transportation Company also generates revenue from transporting third parties' products on return trips.

Patents

Registrant has obtained or applied for patents for certain of its processes and products. These patents expire at various times, beginning in 1996. Patented processes and products are not material to Registrant's overall business.

Foreign

SAULAR, manufactured and marketed by Favorite Products Company, Ltd., the Registrant's wholly-owned Canadian subsidiary, is a leading brand of cat litter sold in Canada. Favorite Products Company, Ltd. also packages and markets the SAULAR KAT-KIT which contains cat litter in a disposable tray. Certain of the products sold in Canada are blends of clay and synthetic sorbent materials.

The Registrant's wholly-owned subsidiary in England, Oil-Dri, U.K., LTD., packages clay granules produced by the Registrant's domestic manufacturing facilities and, for certain applications, blends a synthetic sorbent material which it manufactures locally. Oil-Dri, U.K., LTD. markets these products, primarily in the United Kingdom, as an oil and grease absorbent and as a cat litter.

The Registrant's wholly-owned subsidiary in Switzerland, Oil-Dri S.A., performs various management, sales and administrative functions for the Registrant and its foreign subsidiaries.

The Company's foreign operations are subject to the normal risks of doing business overseas, such as currency devaluations and fluctuations, restrictions on the transfer of funds and import/export duties. The Registrant to date has not been materially affected by these risks.

Backlog; Seasonality

At July 31, 1996 and 1995, Registrant's backlog of orders was approximately \$3,150,000 and \$2,765,000 respectively. The Registrant does not consider its clay sorbent business, taken as a whole, to be seasonal to any material extent. However, certain business activities of certain customers of the Registrant (such as agricultural) are subject to such factors as crop acreage planted and product formulation cycles.

Customers

Sales to Wal-Mart Stores, Inc. and its affiliate Sam's Club accounted for approximately 26% of the Registrant's net sales for the fiscal year ended July 31, 1996. Sales to The Clorox Company accounted for approximately 8% of the Registrant's net sales for the fiscal year ended July 31, 1996. Clorox and the Registrant are parties to a long term supply contract. The loss of any other of Registrant's customers would not have a materially adverse effect on the Registrant.

Competition

Registrant has approximately seven principal competitors in the United States, some of which have substantially greater financial resources than the Company, which compete with the Registrant in certain markets and with respect to certain products. Price, service and technical support, product quality and delivery are the principal methods of competition in Registrant's markets and competition has historically been very vigorous. The Registrant believes that it can compete favorably in all of its present markets.

Reserves

Registrant mines sorbent materials, consisting of either montmorillonite, attapulgite or diatomaceous earth on leased or owned land near its mills in Mississippi, Georgia and Oregon, and on leased and owned land in Florida (see "Item 2- Properties" below). The Registrant estimates that its proven recoverable reserves of these sorbent materials aggregate approximately 239,324,000 tons. Based on its rate of consumption during the 1996 fiscal year, Registrant considers its proven recoverable reserves adequate to supply Registrant's needs for approximately 45 years. It is the Registrant's policy to attempt to add to reserves each year an amount at least equal to the amount of reserves consumed in that year. Registrant has a program of exploration for additional reserves and, although reserves have increased, Registrant cannot assure that such reserves will continue to increase. The Registrant's use of these reserves will be subject to compliance with existing and future federal and state statutes and regulations regarding mining and environmental compliance. Also, requirements for environmental compliance may restrict exploration or use of lands that might otherwise be utilized as a source of reserves. During the fiscal year ended July 31, 1996, the Registrant utilized these reserves to produce substantially all of the sorbent minerals that it sold.

In April 1991, the Registrant acquired mineral reserves on approximately 598 acres in Washoe County, Nevada. The Registrant estimates that there are 23 million tons of proven reserves of sorbent materials on this acreage. Mining these reserves requires the approval of federal, state and local agencies, which approvals the Registrant is in the process of seeking. In the future, the Registrant hopes to develop facilities so as to use these reserves as a source of supply for its West Coast customers. However, there can be no assurance that this will be accomplished.

Mining Operations

The Registrant has conducted mining operations in Ripley, Mississippi since 1963; in Ochlocknee, Georgia since 1971; in Christmas Valley, Oregon since 1979; and in Blue Mountain, Mississippi since 1989.

The Registrant's raw materials are open pit mined on a year round basis, generally using large earth moving scrapers and bulldozers to remove overburden, and then loaded into dump trucks with backhoe or dragline equipment for movement to the processing facilities. The mining and hauling of the Registrant's clay is performed by the Registrant and by independent contractors.

The Registrant's current operating mines range in distance from immediately adjacent to several miles from its processing plants. Access to processing facilities from the mining areas is generally by private road; and in some instances public highways are utilized.

Each of the Registrant's processing facilities maintains stockpiles of unprocessed clay of approximately one to three weeks production requirements.

Proven reserves are those reserves for which (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from results of detailed sampling, and (b) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well established. Probable reserves are computed from information similar to that used for proven reserves, but the sites for inspection, sampling, and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven reserves, is high enough to assume continuity between points of observation.

The Registrant employs a staff of geologists and mineral specialists who estimate and evaluate existing and potential reserves in terms of quality, quantity and availability.

The following schedule summarizes, for each of the Registrant's manufacturing facilities the net book value of land and other plant and equipment.

	LAND	PLANT AND EQUIPMENT
Ochlocknee, Georgia	\$1,784,543	\$20,165,338
Ripley, Mississippi	\$1,167,211	\$14,764,925
Blue Mountain, Mississippi	\$ 915,523	\$ 8,277,627
Christmas Valley, Oregon	\$ 68,044	\$ 607,393

Employees

As of July 31, 1996, the Registrant employed 670 persons, 55 of whom were employed by the Registrant's foreign subsidiaries. The Registrant's corporate offices, research and development center and manufacturing facilities are adequately staffed and no material labor shortages are anticipated. Approximately 29 of the Registrant's employees in the U.S. and approximately 13 of the Registrant's employees in Canada are represented by labor unions, which have entered into separate collective bargaining agreements with the Company. Employee relations are considered satisfactory.

Environmental Compliance

The Registrant's mining and manufacturing operations and facilities in Georgia, Mississippi and Oregon are required to comply with state strip mining statutes and various federal, state and local statutes, regulations and ordinances which govern the discharge of materials, water and waste into the environment and restrict mining on "wetlands" or otherwise regulate the Registrant's operations. In recent years, environmental regulation has grown increasingly stringent, a trend which the Registrant expects will continue. The Registrant endeavors to stay in substantial compliance with applicable environmental controls and regulations and to work with regulators to correct any deficiency. As a result, expenditures relating to environmental compliance have increased over the years, however, in recent years expenditures have not been material. The Registrant continues, and will continue, to incur costs in connection with reclaiming exhausted mining sites. The costs of reclamation have not had a material effect on its mining costs. These costs are treated as part of the Registrant's mining expense.

In addition to the environmental requirements relating to mining and manufacturing operations and facilities, there is increasing federal and state legislation and regulation with respect to the labeling, use, and disposal after use, of various of the Registrant's products. The Registrant endeavors to stay in substantial compliance with that legislation and regulation and to assist its customers in that compliance.

The Registrant cannot assure that, despite its best efforts, it will always be in compliance with environmental legislation and regulations or with requirements regarding the labeling, use, and disposal after use, of its products; nor can it assure that from time to time enforcement of such requirements will not have an adverse impact on its business.

Energy

The Registrant uses natural gas and fuel oil as energy sources for the processing of its clay products. In prior years, the Registrant has switched from natural gas to fuel oil during the winter months due to the seasonal unavailability and higher cost of natural gas relative to fuel oil. The Registrant also utilizes a significant amount of diesel fuel in its transportation operation.

Research and Development

At the Registrant's research facility, the research and development staff develops new products and applications and improves existing products. The staff and various consultants consist of geologists, mineralogists and chemists. In the past several years, the Registrant's research efforts have resulted in a number of new sorbent products and processes including PURE-FLO Supreme, PURE-FLO FP80, PERFORM, SELECT CAT'S PRIDE Scoopable and LASTING PRIDE. The technical center produces prototype samples and tests new products for customer trial and evaluation.

Registrant spent approximately \$2,026,000, \$1,826,000 and \$1,875,000 during its fiscal years ended July 31, 1996, 1995 and 1994, respectively, for research and development. None of such research and development was customer sponsored, and all research and development costs are expensed in the year in which incurred.

Other

The Registrant holds approximately a 13% equity interest in Kamterter, Inc., a research and development company located in Lincoln, Nebraska. Kamterter applies biotechnology in the agricultural field and utilizes the Registrant's clay products in a development-stage process to prime seeds. At July 31, 1996, the Registrant's investment, at cost, in Kamterter was approximately \$752,000. Although Kamterter has a substantial negative net worth, during the year ended February 29, 1996, and in recent interim periods, Kamterter began to generate operating profits. While the Registrant believes that Kamterter's prospects have improved, Kamterter's future financial condition and results of operations cannot be predicted.

Item 2. PROPERTIES

Registrant's properties are generally described below:

	LAND HOLDINGS & MINERAL RESERVES			PROVEN RESERVES (000's of tons)	PROBABLE RESERVES (000's of tons)	TOTAL (000's of tons)
	LAND OWNED (acres)	LAND LEASED (acres)	TOTAL (acres)			
Georgia	1,484	1,804	3,288	44,305	8,436	52,741
Mississippi	2,134	1,423	3,557	130,358	116,673	247,031
Oregon	1,260	1,580	2,840	36,833	5,802	42,635
Florida	537	446	983	4,512	1,092	5,604
Nevada	598	-	598	23,316	2,976	26,292
Illinois	4	-	4	-	-	-
	6,017	5,253	11,270	239,324	134,979	374,303

See Item 1. Business-Reserves

There are no mortgages on the property owned by Registrant. The Mississippi, Georgia, Oregon and Florida land is used primarily for mining. Parcels of such land are also sites of mills operated by Registrant. The Illinois land is the site of Registrant's research and development facility. The Registrant owns approximately one acre of land in Laval, Quebec, Canada, which is the site of the processing and packaging facility for the Registrant's Canadian subsidiary.

The Registrant's mining operations are conducted on leased or owned land. The Georgia, Florida and Mississippi mining leases, with expiration dates ranging from 1999 to 2053, no one of which is material, generally provide for a lease term which continues as long as the Registrant pays a minimum monthly rental. This rental payment is applied against a royalty related to the number of unprocessed, or in some cases processed, tons of mineral extracted from the leased property.

The Registrant operates mills at Ripley, Mississippi, Ochlocknee, Georgia, Christmas Valley, Oregon, and Blue Mountain, Mississippi; production and packaging plants at Laval, Quebec, Canada and Wisbech, United Kingdom. Registrant's facilities at Ripley, Mississippi; Ochlocknee, Georgia; Christmas Valley, Oregon; Laval, Quebec, Canada and Wisbech, United Kingdom are wholly owned by Registrant and Registrant's mill at Blue Mountain, Mississippi is owned in-part by Registrant, with the balance leased as herein after described. Registrant is a party to leases that relate to certain plant acquisition and expansion projects at the Registrant's mill at Blue Mountain, Mississippi. The Blue Mountain, Mississippi lease was entered into with The Town of Blue Mountain, Mississippi in 1988 in connection with the issuance by the Town of \$7,500,000 in aggregate principal amount of industrial revenue bonds, (\$5,000,000 of which has been subsequently retired), full payment of which is guaranteed by the Registrant. Upon expiration of the leases in 2008, a subsidiary of the Registrant has the right to purchase the leased property for \$100 upon full payment of the bonds. The land on which the mill at Wisbech, United Kingdom is located is leased pursuant to a long-term lease arrangement with the Port Authority of Wisbech which expires in 2032.

All of Registrant's domestic mills, whether owned or leased, consist of related steel frame, sheet steel covered or brick buildings of various heights, with concrete floors and storage tanks. The buildings occupy approximately 208,000 square feet at Ripley, Mississippi, 247,000 square feet at Ochlocknee, Georgia, 18,000 square feet at Christmas Valley, Oregon and 140,000 square feet at Blue Mountain, Mississippi. Registrant maintains railroad siding facilities near the Ripley, Mississippi; Ochlocknee, Georgia and Blue Mountain, Mississippi mills. Equipment at all mills is in good condition, well maintained and adequate for current processing levels.

All of the Registrant's foreign facilities are owned and consist of related steel frame, sheet steel covered or brick buildings of various heights, with concrete floors and storage tanks. The buildings occupy 22,500 square feet at Laval, Quebec, Canada and 32,500 square feet at Wisbech, United Kingdom.

Registrant's research and development facility is located on land in Vernon Hills, Illinois and consists of brick buildings of approximately 19,100 square feet, including a pilot plant facility.

Registrant's principal office, consisting of approximately 20,000 square feet in Chicago, Illinois, is presently occupied under a lease expiring on June 30, 2008.

Item 3. LEGAL PROCEEDINGS

There are no material pending legal proceedings.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

Item 401(b) OF REGULATION S-K. EXECUTIVE OFFICERS OF REGISTRANT

The following table gives certain information with respect to the Executive Officers of the Registrant.

Name (5)	Principal Occupation For Last Five Years	Age
Richard M. Jaffee	Chief Executive Officer and Chairman of the Board of the Registrant; President from 1960 to June, 1995.	60
Daniel S. Jaffee (2)	President and Chief Operating Officer of the Registrant since June, 1995; Chief Executive Officer of Favorite Products Company, Ltd., a subsidiary of the Registrant since 1990; Chief Financial Officer of the Registrant from 1990 to 1995; Group Vice President, Consumer Products of the Registrant from 1994 to 1995; Group Vice President Canadian Operations and Consumer Products - Grocery from 1992 until June, 1994; Group Vice President, Domestic and Canadian Operations from December, 1990 until August, 1992.	32
Joseph C. Miller	Vice Chairman of The Board of the Registrant; Senior Vice President for Consumer, Industrial & Environmental and Transportation from 1993 to 1995; Group Vice President for Sales, Marketing and Distribution, from 1990 to 1993.	54
Louis T. Bland, Jr. (3)	Secretary, Legal Counsel and Director of Industrial Relations of the Registrant. Assistant Secretary and Legal Counsel and Director of Industrial Relations from 1991 to 1995.	65
Norman B. Gershon (3)	Vice President, International Operations of the Registrant; Managing Director of Oil-Dri, S.A., a subsidiary of the Registrant.	60
Michael L. Goldberg (3)	Vice President & Chief Financial Officer of the Registrant since May, 1996; Vice President & Controller, Alberto-Culver USA, Inc. from August 1991 until May, 1996.	46
Richard V. Hardin (1)(3)	Group Vice President, Technology, of the Registrant.	57

The term of each executive officer expires at the 1996 Annual Meeting of the Stockholders and when his successor is elected and qualified.

- (1) Richard V. Hardin is Richard M. Jaffee's son-in-law.
- (2) Daniel S. Jaffee is Richard M. Jaffee's son.
- (3) Each person listed in this table is a director of the Registrant except for Richard V. Hardin, Michael L. Goldberg, Louis T. Bland and Norman B. Gershon.

PART II

Item 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED SECURITY HOLDER MATTERS

Information concerning stock prices and dividends with regard to the Common Stock of Registrant, which is traded on the New York Stock Exchange, and information concerning dividends with regard to the Class B Stock of Registrant, for which there is no established public trading market, and Class A Common Stock, which is not outstanding is contained on page 34 of the Annual Report under the caption "Common Stock" and is incorporated herein by this reference. Registrant's ability to pay dividends is limited by the Registrant's Credit Agreement with Harris Trust and Savings Bank dated September 21, 1994. See Note 3 of "Notes to Consolidated Financial Statements" in the Annual Report, incorporated herein by reference.

Item 6. SELECTED FINANCIAL DATA

See the "Five Year Summary of Financial Data" on page 13 of the Annual Report, incorporated herein by reference.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

See "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 14 to 17 of the Annual Report, incorporated herein by reference.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See "Consolidated Statements of Income," "Consolidated Statements of Stockholders' Equity," "Consolidated Statements of Financial Position," "Consolidated Statements of Cash Flows," "Notes to Consolidated Financial Statements" and "Independent Auditor's Report" on pages 18 to 34 of the Annual Report, "Five Year Summary of Financial Data" on page 13 of the Annual Report, and "Selected Quarterly Financial Data" on page 33 of the Annual Report, incorporated herein by reference.

Item 9. DISAGREEMENTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by this item is (except for information in Part I, hereof, concerning executive officers) contained in the Registrant's Proxy Statement for its 1996 Annual Meeting of stockholders (Proxy Statement) under the caption Election of Directors and is incorporated herein by this reference.

Item 11. EXECUTIVE COMPENSATION

The information required by this Item is contained in the Registrant's Proxy Statement under the captions Executive Compensation, Compensation Committee Report on Executive Compensation, Compensation Committee Interlocks and Insider Participation and Performance Graph and is incorporated herein by this reference.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this Item is contained in the Registrant's Proxy Statement under the caption General - Principal Stockholders and Election of Directors and is incorporated herein by this reference.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this Item is contained in the Registrant's Proxy Statement under the caption Compensation Committee Interlocks and Insider Participation and is incorporated herein by this reference.

PART IV

Item 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS
ON FORM 8-K

(a)(1) The following financial statements are contained on pages 18 to 33 of the Annual Report and are incorporated herein by this reference:

Consolidated Statements of Financial Position as of July 31, 1996 (audited) and July 31, 1995 (audited).

Consolidated Statements of Income for the fiscal years ended July 31, 1996 (audited), July 31, 1995 (audited) and July 31, 1994 (audited).

Consolidated Statements of Stockholders' Equity for the fiscal years ended July 31, 1996 (audited), July 31, 1995 (audited) and July 31, 1994 (audited).

Consolidated Statements of Cash Flows for the fiscal years ended July 31, 1996 (audited), July 31, 1995 (audited) and July 31, 1994 (audited).

Notes to Consolidated Financial Statements.

Independent Auditor's Report.

(a)(2) The following financial statement schedules are contained herein:

Independent Auditor's Report on Schedules.

Schedules to Financial Statements, as follows:

Schedule VIII - Valuation and Qualifying Accounts, years ended July 31, 1996, 1995 and 1994.

(a)(3) The following documents are exhibits to this Report:

- (3)(a)1 Articles of Incorporation of Registrant, as amended.
- (3)(b)2 By-Laws of Registrant, as amended of June 16, 1995.
- (10)(b)3 Guaranty Agreement, dated as of September 1, 1982, between Registrant and Continental Illinois National Bank and Trust Company of Chicago.
- (10)(c)(1)4 Agreement ("Clorox Agreement") dated January 12, 1981 between The Clorox Company and Registrant, as amended. (Confidential treatment of certain portions of this Exhibit has been granted.)
- (10)(c)(2)5 Amendment to Clorox Agreement dated March 3, 1989, as accepted by the Registrant on March 20, 1989, between The Clorox Company and the Registrant. (Confidential treatment of certain portions of this Exhibit has been granted.)
- (10)(c)(3)6 Amendment to Clorox Agreement dated February 14, 1991, between The Clorox Company and Registrant (Confidential treatment of certain portions of this Exhibit has been granted).

- (10)(d)7 Description of 1987 Executive Deferred Compensation Program.*
- (10)(e)8 Salary Continuation Agreement dated August 1, 1989 between Richard M. Jaffee and the Registrant.*
- (10)(f)9 1988 Stock Option Plan.
- (10)(g)10 Note Agreement, dated April 5, 1991, between Registrant and the Teacher's Insurance and Annuity Association of America regarding \$8,000,000 9.38% Senior Notes due November 15, 2001.
- (10)(h)11 Note Agreement, dated as of April 15, 1993, between Registrant and the Teacher's Insurance and Annuity Association of America regarding \$6,500,000 7.17% Senior Notes due August 15, 2004.
- (10)(i)12 Credit Agreement, dated as of September 21, 1994, between Registrant and Harris Trust and Savings Bank regarding \$5,000,000 7.78% Term Loan Note and \$5,000,000 Revolving Credit Note.
- (10) (j)13 The Oil-Dri Corporation of America Deferred Compensation Plan adopted November 15, 1995 and related resolution.
- (10) (k) Oil-Dri Corporation of America 1995 Long Term Incentive Plan.
- (10) (l) \$10,000,000 unsecured line of credit agreement dated as of July 25, 1996 between Registrant and Harris Trust and Savings Bank.

- (11) Statement re: computation of per share earnings.
- (13) 1996 Annual Report to Stockholders of Registrant.
- (22) Subsidiaries of Registrant.
- (24) Consent of Blackman Kallick Bartelstein.
- (27) Financial Data Schedule.

*Management contract or compensatory plan or arrangement.

The Registrant agrees to furnish the following agreements upon the request of the Commission:

- Exhibit 4(b) Letter of Credit Agreement, dated as of October 1, 1988 between Harris Trust and Savings Bank and Blue Mountain Production Company in the amount of \$2,634,590 in connection with the issuance by Town of Blue Mountain, Mississippi of Variable/Fixed Rate Industrial Development Revenue Bonds, Series 1988 B (Blue Mountain Production Company Project) in the aggregate principal amount of \$2,500,000 and related Indenture of Trust, Lease Agreement, Remarketing Agreement and Guaranties.
- (b) No reports on Form 8-K were filed by Registrant with the Commission during the last fiscal quarter of the fiscal year ended July 31, 1996.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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/Richard M. Jaffee
Richard M. Jaffee,
Chief Executive Officer

Dated: October 18, 1996

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

/s/Richard M. Jaffee October 18, 1996
Richard M. Jaffee
Chief Executive Officer
Director

/s/Daniel S. Jaffee October 18, 1996
Daniel S. Jaffee
President and Chief Operating Officer
Director

/s/Michael L. Goldberg October 18, 1996
Michael L. Goldberg
Vice President and Chief Financial
Officer
Principal Financial Officer

Robert D. Jaffee October 18, 1996
Director

/s/Ronald B. Gordon October 18, 1996
Ronald B. Gordon
Director

/s/J. Steven Cole October 18, 1996
J. Steven Cole
Director

/s/Joseph C. Miller
Joseph C. Miller
Director

October 18, 1996

/s/Edgar D. Jannotta
Edgar D. Jannotta
Director

October 18, 1996

/s/Paul J. Miller
Paul J. Miller
Director

October 18, 1996

/s/Haydn H. Murray
Haydn H. Murray
Director

October 18, 1996

/s/Allan H. Selig
Allan H. Selig
Director

October 18, 1996

INDEPENDENT AUDITOR'S REPORT ON SCHEDULES

Board of Directors
Oil-Dri Corporation of America
Chicago, Illinois

In connection with our audit of the consolidated financial statements of OIL-DRI CORPORATION OF AMERICA AND SUBSIDIARIES as of July 31, 1996 and 1995 and for each of the three years in the period ended July 31, 1996, which report thereon dated August 30, 1996 is incorporated by reference in this Annual Report on Form 10-K, we also examined the financial statement schedule listed in the accompanying index at Item 14(A)(2). In our opinion, this financial statement schedule presents fairly, when read in conjunction with the related consolidated financial statements, the financial data required to be set forth therein.

August 30, 1996

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- 1 Incorporated by reference to Exhibit (3) to Registrant's Quarterly Report on Form 10-Q for the quarter ended January 31, 1995.
 - 2 Incorporated by reference to Exhibit (3)(b) to Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1995.
 - 3 Incorporated by reference to Exhibit (4)(b) to Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1982.
 - 4 Incorporated by reference to Exhibit 10(f) to Registrant's Registration Statement on Form S-2 (Registration No. 2-97248) made effective on May 29, 1985.
 - 5 Incorporated by reference to Exhibit 10(e)(2) to Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1989.
 - 6 Incorporated by reference to Exhibit 10(e)(3) to Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1991.
 - 7 Incorporated by reference to Exhibit 10(f) to Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1988.
 - 8 Incorporated by reference to Exhibit 10(g) to Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1989.
 - 9 Incorporated by reference to Exhibit 4(a) to Registrant's Registration Statement on Form S-8, filed June 30, 1989, Registration No. 1 33-29650.
 - 10 Incorporated by reference to Exhibit 10(h) to Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1991.
 - 11 Incorporated by reference to Exhibit 10(i) to Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1993.
 - 12 Incorporated by reference to Exhibit 10i to Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1994.
 - 13 Incorporated by reference to Exhibit 10(j) to Registrant's Annual Report on Form 10-K for the year ended July 31, 1995.

OilDri Corporation of America

1995 Long Term Incentive Plan

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1. Establishment, Purpose and Effective Date and Termination of the Oil-Dri Corporation of America 1988 Stock Option Plan.

(a) Establishment. The Company hereby establishes the Oil-Dri Corporation of America 1995 Long-Term Incentive Plan (Plan).

(b) Purpose. The primary purpose of the Plan is to provide a means by which key employees of the Company and its Subsidiaries can acquire and maintain stock ownership, thereby strengthening their commitment to the success of the Company and its Subsidiaries and their desire to remain employed by the Company and its Subsidiaries, focusing their attention on managing the Company as an equity owner, and aligning their interests with those of the Company's stockholders. The Plan also is intended to attract and retain key employees and to provide such employees with additional incentive and reward opportunities designed to encourage them to enhance the profitable growth of the Company and its Subsidiaries.

(c) Effective Date. The Plan shall become effective upon its adoption by the Board, subject to the approval of the votes of a majority of the shares of Common Stock and Class B Stock of the Company voting together present or represented by proxy at the 1995 annual meeting of stockholders. Until such approval shall have been obtained, no Option, stock appreciation right, or performance unit shall be exercised, no stock bonus shall be granted, no performance share shall be paid, and no shares of restricted stock shall become nonforfeitable. If such shareholder approval is not obtained at the 1995 annual meeting of shareholders, all Awards shall automatically become null and void and no further Awards shall be granted.

(d) Termination of the Oil-Dri Corporation of America 1988 Stock Option Plan. Effective upon stockholder approval of this Plan, the Oil-Dri Corporation of America 1988 Stock Option Plan shall terminate and the shares of Stock allotted for stock option grants under that plan, which are not the subject of outstanding options granted under that plan, shall not be available for the granting of any further options or other awards under that plan or any other employee or director plan or arrangement of the Company. The options outstanding under the Oil-Dri Corporation of America 1988 Stock Option Plan shall remain outstanding and exercisable in accordance with their respective terms.

2. Definitions. As used in the Plan, terms defined parenthetically immediately after their use shall have the respective meanings provided by such definitions and the terms set forth below shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

(a) Award means Options, shares of restricted Stock, stock appreciation rights, performance units, or performance shares stock bonuses or shares of phantom stock granted under the Plan.

(b) Award Agreement means the written agreement by which an Award is evidenced.

(c) Beneficial Owner, Beneficially Owned, Beneficially Owning, and Beneficial Ownership shall have the meanings applicable under Rule 13d-3 promulgated under the 1934 Act.

(d) Board means the board of directors of the Company.

(e) Change in Capitalization means any increase or reduction in the number of shares of Stock, or any change in the shares of Stock or exchange of shares of Stock for a different number or kind of shares or other securities by reason of a stock dividend (either as a dividend of the same class of Stock or as a dividend of a different class of Stock), stock split, reverse stock split, share combination, reclassification, recapitalization, merger, consolidation, spin-off, split-up, reorganization, issuance of warrants or rights, liquidation, exchange of shares, repurchase of shares, change in corporate structure, or similar event, of or by the Company.

(f) Change of Control means any of the following

(i) Class B Stock together with the Common Stock held by the Beneficial Owner of the Class B Stock, has less than 50% of the Voting Power of the Company, and

(A) the acquisition by any person or group of Beneficial Ownership of stock possessing more than 20% of the Voting Power of the Company, except that (i) no such person or group shall be deemed to own beneficially (a) any securities acquired directly from the Company pursuant to a written agreement with the Company, or (b) any securities held by the Company or a Subsidiary or any employee benefit plan (or any related trust) of the Company or a Subsidiary, and (ii) no Change of Control shall be deemed to have occurred solely by reason of any such acquisition by a corporation with respect to which, after such acquisition, more than 60% of both the then-outstanding common shares of such corporation and the Voting Power of such corporation are then Beneficially Owned, directly or indirectly, by the persons who were the Beneficial Owners of the Stock and voting securities of the Company immediately before such acquisition in substantially the same proportions as their ownership, immediately before such acquisition, of the then outstanding Stock or the Voting Power of the Company, as the case may be; or

(B) individuals who, as of the Effective Date, constitute the Board (the Incumbent Board) cease for any reason to constitute at least a majority of the Board; provided that any individual who becomes a director after the Effective Date whose election or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the directors of the Company (as such terms are used in Rule 14a-11 under the 1934 Act); or

(ii) approval by the stockholders of the Company of (A) a merger, reorganization or consolidation with respect to which the individuals and entities who were the respective Beneficial Owners of the Stock and Voting Power of the Company immediately before such merger, reorganization or consolidation do not, immediately after such merger, reorganization or consolidation, beneficially own, directly or indirectly, more than 60% of, respectively, the then outstanding common shares and the Voting Power of the corporation resulting from such merger, reorganization or consolidation, (B) a liquidation or dissolution of the Company or (C) the sale or other disposition of all or substantially all of the assets of the Company.

For purposes of this definition, person means such terms as used in SEC Rule 13d-5(b) under the 1934 Act, and group means two or more persons acting together in such a way to be deemed a person for purposes of Section 13(d) of the 1934 Act.

Notwithstanding the foregoing, a Change of Control shall be deemed not to have occurred with respect to any Grantee if such Grantee is, by written agreement, a participant on such Grantee's own behalf in a transaction in which the persons (or their affiliates) with whom such Grantee has the written agreement cause the Change of Control to occur and, pursuant to the written agreement, the Grantee has or is to acquire an equity interest in the resulting entity.

(g) Committee means the committee of the Board appointed pursuant to Article 4.

(h) Company means Oil-Dri Corporation of America, a Delaware corporation.

(i) Disability means for purposes of the exercise of an incentive stock option, a disability within the meaning of Section 22(e)(3) of the Code, and for all other purposes, a mental or physical condition which, in the opinion of the Committee, renders a Grantee unable or incompetent to carry out the job responsibilities which such Grantee held or the duties to which such Grantee was assigned at the time the disability was incurred, and which is expected to be permanent or for an indefinite duration.

(j) Effective Date means the date that the Plan is adopted by the Board.

(k) Fair Market Value of any security of the Company or any other issuer means, as of any applicable date:

(i) if the security is listed for trading on the New York Stock Exchange, the closing price, regular way, of the security as reported on the New York Stock Exchange Composite Tape, or if no such reported sale of the security shall have occurred on such date, on the next preceding date on which there was such a reported sale, or

(ii) if the security is not so listed, but is listed on another national securities exchange or authorized for quotation on the National Association of Securities Dealers Inc.'s NASDAQ National Market Systems (NASDAQ/NMS), the closing price, regular way, of the security on such exchange or NASDAQ/NMS, as the case may be, or if no such reported sale of the security shall have occurred on such date, on the next preceding date on which there was such a reported sale, or

(iii) if the security is not listed for trading on a national securities exchange or authorized for quotation on NASDAQ/NMS, the average of the closing bid and asked prices as reported by the National Association of Securities Dealers Automated Quotation System (NASDAQ) or, if no such prices shall have been so reported for such date, on the next preceding date for which such prices were so reported, or

(iv) if the security is not listed for trading on a national securities exchange or is not authorized for quotation on NASDAQ/NMS or NASDAQ, the fair market value of the Common Stock of the Company as determined in good faith by the above terms.

(l) Grant Date means the date of grant of an Award determined in accordance with Article 6.

(m) Grantee means an individual who has been granted an Award.

(n) Incentive Stock Option means an Option satisfying the requirements of Section 422 of the Internal Revenue Code and designated by the Committee as an Incentive Stock Option.

(o) Internal Revenue Code means the Internal Revenue Code of 1986, as amended, and regulations and rulings thereunder. References to a particular Section of the Internal Revenue Code shall include references to successor provisions.

(p) Measuring Period has the meaning specified in Article 6(f)(ii)(B).

(q) Minimum Consideration means the \$.10 par value per share of Stock or such larger amount determined pursuant to resolution of the Board to be capital within the meaning of Section 154 of the Delaware General Corporation Law.

(r) 1934 Act means the Securities Exchange Act of 1934, as amended.

(s) Nonqualified Stock Option means an Option which is not an Incentive Stock Option or other type of statutory stock option under the Internal Revenue Code.

(t) Option means an option to purchase Stock granted under the Plan.

(u) Option Price means the per share purchase price of (i) Stock subject to an Option or (ii) restricted Stock subject to an Option.

(v) Performance Goals has the meaning set forth in Article 6(j).

(w) Performance Percentage has the meaning specified in Article 6(f)(ii)(C).

(x) Person means a person within the meaning of Sections 13(d) or 14(d) of the 1934 Act.

(y) Plan has the meaning set forth in Article 1(a).

(z) SEC means the Securities and Exchange Commission.

(aa) Section 16 Grantee means a person subject to potential liability with respect to equity securities of the Company under Section 16(b) of the 1934 Act.

(bb) Stock means Class A Common Stock or if no Class A Common Stock is issued and publicly traded on any securities market described in Article 2(k) above, then Common Stock par value \$.10 per share, of the Company. Class A Common Stock, Class B Stock and Common Stock shall have the meaning as provided in the Company's Certificate of Incorporation.

(cc) Subsidiary means for purposes of grants of incentive stock options, a corporation as defined in Section 424(f) of the Internal Revenue Code, with the Company being treated as the employer corporation for purposes of this definition and, for all other purposes, a corporation with respect to which the Company owns, directly or indirectly, 25% or the then-outstanding common shares.

(dd) 10% Owner means a person who owns stock (including stock treated as owned under Section 424(d) of the Internal Revenue Code) possessing more than 10% of the Voting Power of the Company.

(ee) Termination of Employment occurs the first day on which an individual is for any reason no longer employed by the Company or any of its Subsidiaries, or with respect to an individual who is an employee of a Subsidiary, the first day on which the Company no longer owns Voting Securities possessing at least 25% of the Voting Power of such Subsidiary.

(ff) Voting Power means the combined voting power of the then outstanding Voting Securities.

(gg) Voting Securities means, with respect to the Company or any Subsidiary, any securities issued by the Company or such Subsidiary, respectively, which generally entitle the holder thereof to vote for the election of directors of the Company.

3. Scope of the Plan.

(a) Number of Shares Available Under the Plan. The maximum number of shares of Stock that may be made the subject of Awards granted under the Plan is 500,000 (or the number and kind of shares of Stock or other securities to which such shares of Stock are adjusted upon a Change in Capitalization pursuant to Article 18). The Company shall reserve for the purpose of the Plan, out of its authorized but unissued shares of Stock or out of shares held in the Company's treasury, or partly out of each, such number of shares as shall be determined by the Board. The Board shall have the authority to cause the Company to purchase from time to time shares of Stock to be held as treasury shares and used for or in connection with Awards.

(b) Reduction in the Available Shares in Connection with Awards Grants. Upon the grant of an Award, the number of shares of Stock available under Article 3(a) for the granting of further Awards shall be reduced as follows:

(i) Performance Units Denominated in Dollars. In connection with the granting of each performance unit denominated in dollars, the number of shares of Stock available under Article 3(a) for the granting of further Awards shall be reduced by the quotient of (x) the dollar amount represented by the performance unit divided by (y) the Fair Market Value of a share of Stock on the date immediately preceding the Grant Date of the performance unit.

(ii) Other Awards. In connection with the granting of each Award, other than a performance unit denominated in dollars, the number of shares of Stock available under Article 3(a) for the granting of further Awards shall be reduced by a number of shares equal to the number of shares of Stock in respect of which the Award is granted or denominated.

Notwithstanding the foregoing, where two or more Awards are granted with respect to the same shares of Stock, such shares shall be taken into account only once for purposes of this Article 3(b).

(c) Effect of the Expiration or Termination of Awards. If and to the extent an Award expires, terminates or is canceled or forfeited for any reason without having been exercised in full (including, without limitation, a cancellation of an Option pursuant to Article 4(c)(vi)), the shares of Stock associated with the expired, terminated, canceled or forfeited portion of the Award (to the extent the number of shares available for the granting of Awards was reduced pursuant to Article 3(b)) shall again become available for Awards under the Plan.

Notwithstanding anything contained in this Article 3, the number of shares of Stock available for Awards at any time under the Plan shall be reduced to such lesser amount as may be required pursuant to the methods of calculation necessary so that the exemptions provided pursuant to Rule 16b-3 under the 1934 Act will continue to be available for transactions involving all current and future Awards. In addition, during the period that any Awards remain outstanding under the Plan the Committee may make good faith adjustments with respect to the number of shares of Stock attributable to such Awards for purposes of calculating the maximum number of shares available for the granting of future Awards under the Plan, provided that following such adjustments the exemptions provided pursuant to Rule 16b-3 under the 1934 Act will continue to be available for transactions involving all current and future Awards.

(d) Maximum Number of Options and Stock Appreciation Rights to any Individual Grantee. No individual Grantee may be granted Options and stock appreciation rights to purchase more than one-fourth of the maximum number of shares of Stock that may be made subject of Awards under the Plan as set forth in Article 3(a).

4. Administration.

(a) Committee Administration. Subject to Article 4(b), the Plan shall be administered by the Committee, which shall consist of not less than three disinterested persons within the meaning of Rule 16b-3 under the 1934 Act; provided, however, that the membership of the Committee shall be subject to such changes (including, if appropriate, a change in the minimum number of members of the Committee) as the Board deems appropriate and permissible to permit transactions pursuant to the Plan to be exempt from potential liability under Section 16(b) of the 1934 Act.

(b) Board Reservation and Delegation. The Board may, in its discretion, reserve to itself or delegate to another committee of the Board any or all of the authority and responsibility of the Committee with respect to Awards to Grantees who are not Section 16 Grantees at the time any such delegated authority or responsibility is exercised. Such other committee may consist of one or more directors who may, but need not be, officers or employees of the Company or of any of its Subsidiaries. To the extent that the Board has reserved to itself or delegated the authority and responsibility of the Committee to such other committee, all references to the Committee in the Plan shall be to the Board or to such other committee.

(c) Committee Authority. The Committee shall have full and final authority, in its discretion, but subject to the express provisions of the Plan, as follows:

(i) to grant Awards,

(ii) to determine (A) when Awards may be granted and (B) whether or not specific Awards shall be identified with other specific Awards, and if so, whether they shall be exercisable cumulatively with, or alternatively to, such other specific Awards,

(iii) to interpret the Plan and to make all determinations necessary or advisable for the administration of the Plan,

(iv) to prescribe, amend, and rescind rules and regulations relating to the Plan, including without limitation, rules with respect to the exercisability and non-forfeitability of Awards upon the Termination of Employment of a Grantee,

(v) to determine the terms and provisions of the Award Agreements, including Performance Goals, if any, which need not be identical and, with the consent of the Grantee, to modify any such Award Agreement at anytime, provided that the consent of the Grantee shall not be required for any amendment which (A) does not adversely affect the rights of the Grantee, or (B) is necessary or advisable (as determined by the Committee) to carry out the purpose of the Award as a result of any new or change in existing applicable law, regulation, ruling or

judicial decision; provided that any such change shall be applicable only to Awards which have not been exercised;

(vi) to cancel, with consent of the Grantee, outstanding Awards,

(vii) to accelerate or extend (subject to Article 6(a)(ii)) the time during which any Award or Grant of Award may be exercised and to accelerate or waive any or all of the restrictions and conditions applicable to, any Award,

(viii) to make such adjustment or modifications to Awards to Grantees working outside the United States as are necessary and advisable to fulfill the purposes of the Plan,

(ix) to authorize any action of or make any determination by the Company as the Committee shall deem necessary or advisable for carrying out the purposes of the Plan, and

(x) to impose such additional conditions, restrictions, and limitations upon the grant, exercise or retention of Awards as the Committee may, before or concurrently with the grant thereof deem appropriate, including, without limitation, requiring simultaneous exercise of related identified Awards, and limiting the percentage of Awards which may from time to time be exercised by a Grantee.

(d) Committee Determinations Final. The determination of the Committee on all matters relating to the Plan or any Award Agreement shall be conclusive and final. No member of the Committee shall be liable for any action or determination made in good faith with respect to the Plan or any Award.

5. Eligibility. Awards may be granted to any employee of the Company or any of its Subsidiaries. In selecting the individuals to whom Awards may be granted, as well as in determining the number of shares of Stock subject to, and the other terms and conditions applicable to, each Award, the Committee shall take into consideration such factors as it deems relevant in promoting the purposes of the Plan.

6. Conditions to Grants.

(a) General Conditions.

(i) The Grant Date of an Award shall be the date on which the Committee grants the Award or such later date as specified in advance by the Committee.

(ii) The term of each Award (subject to Article 6(c) with respect to Incentive Stock Options) shall be a period of not more than ten years from the Grant Date, and shall be subject to earlier termination as provided herein or in the applicable Award Agreement.

(iii) The Committee may grant Awards with terms and conditions which differ among the Grantees thereof. To the extent not set forth in the Plan, the terms and conditions of each Award shall be set forth in an Award Agreement.

(b) Grant of Options and Option Price. The Committee may, in its discretion, grant Options to acquire unrestricted Stock or restricted Stock to any employee eligible under Article 5 to receive Awards. No later than the Grant Date of any Option, the Committee shall determine the Option Price which shall not be less than 100% of the Fair Market Value of the Stock on the Grant Date.

(c) Grant of Incentive Stock Options. At the time of the grant of any Option, the Committee may designate that such Option shall be an Incentive Stock Option. Any Option designated as an Incentive Stock Option:

(i) shall have an Option Price of (A) not less than 100% of the Fair Market Value of the Stock on the Grant Date or (B) in the case of a 10% Owner, not less than 110% of the Fair Market Value of the Stock on the Grant Date;

(ii) shall have a term of not more than ten years (five years, in the case of 10% Owner) from the Grant Date, and shall be subject to earlier termination as provided herein or in the applicable Award Agreement;

(iii) shall not have an aggregate Fair Market Value (determined for each Incentive Stock Option at its Grant Date) of Stock with respect to which Incentive Stock Options are exercisable for the first time by such Grantee during any calendar year (under the Plan and any other employee stock option plan of the Grantee's employer or any parent or subsidiary thereof (other Plans)), determined in accordance with the provisions of Section 422 of the Internal Revenue Code, which exceeds \$100,000 (the \$100,000 Limit);

(iv) shall, if, with respect to any grant, the aggregate Fair Market Value of Stock (determined on the Grant Date) of all Incentive Stock Options previously granted under the Plan and any Other Plans (Prior Grants) and any Incentive Stock Options under such grant (the Current Grant) which are exercisable for the first time during any calendar year would exceed the \$100,000 Limit, be exercisable as follows:

(A) the portion of the Current Grant exercisable for the first time by the Grantee during any calendar year which would be, when added to any portions of any Prior Grants exercisable for the first time by the Grantee during such calendar year with respect to Stock which would have an aggregate Fair Market Value (determined as of the respective Grant Date for such Options) in excess of the \$100,000 Limit shall, notwithstanding the terms of the Current Grant, be exercisable for the first time by the Grantee in the first subsequent calendar year or years in which it could be exercisable for the first time by the Grantee when added to all Prior Grants without exceeding the \$100,000 Limit; and

(B) if, viewed as of the date of the Current Grant, any portion of a Current Grant could not be exercised under the provisions of Article 6(c)(iv)(A) during any calendar year commencing with the calendar year in which it is first exercisable through and including the last calendar year in which it may by its terms be exercised, such portion of the Current Grant shall not be an Incentive Stock Option, but shall be exercisable as a separate Nonqualified Stock Option at such date or dates as are provided in the Current Grant;

(v) shall be granted within ten years from the earlier of the date of the Plan is adopted by the Board or the date the Plan is approved by the stockholders of the Company; and

(vi) shall require the Grantee to notify the Committee of any disposition of any Stock issue pursuant to the exercise of the Incentive Stock Option under the circumstances described in Section 421(b) of the Internal Revenue Code (relating to certain disqualifying dispositions) within ten days of such disposition.

(d) Grant of Shares of Restricted Stock.

(i) The Committee may, in its discretion, grant shares of restricted Stock to any employee eligible under Article 5 to receive Awards.

(ii) Shares of restricted Stock will be Class A Common Stock or if no Class A Common Stock is publicly traded on any securities market described in Article 2(k) on the Grant Date of such shares of restricted Stock, then such shares of restricted Stock shall be Common Stock.

(iii) Before the grant of any shares of restricted Stock, the Committee shall determine, in its discretion:

(A) whether the certificates for such shares shall be delivered to the Grantee or held (together with a stock power executed in blank by the Grantee) in escrow by the Secretary of the Company until such shares become nonforfeitable or are forfeited,

(B) the per share purchase price of such shares, which may be zero, provided, however, that

(1) the per share purchase price of all such shares (other than treasury shares) shall not be less than the Minimum Consideration for each such share; and

(2) if such shares are to be granted to a Section 16 Grantee and the purchase price is to be in excess of the Minimum Consideration, to the extent necessary so that such grant qualifies for the exemption provided pursuant to Rule 16b-3 under the 1934 Act, the per share purchase price of any such shares shall be at least 50% of the Fair Market Value of the Stock on the Grant Date;

(C) the restrictions applicable to such grant; and

(D) whether the payment to the Grantee of dividends, or a specified portion thereof, declared or paid on such shares by the Company shall be deferred until the lapsing of the restrictions imposed upon such shares shall be held by the Company for the account of the Grantee, whether such dividends shall be reinvested in additional shares of restricted Stock (to the extent shares are available under Article 3) subject to the same restrictions and other terms as apply to the shares with respect to which such dividends are issued or otherwise reinvested in Stock or held in escrow, whether interest will be credited to the account of the Grantee with respect to any dividends which are not reinvested in restricted or unrestricted Stock, and whether any Stock dividends issued with respect to the restricted Stock to be granted shall be treated as additional shares of restricted Stock.

(iv) Payment of the purchase price (if greater than zero) for shares of restricted Stock shall be made in full by the Grantee before the delivery of such shares and, in any event, no later than ten days after the Grant Date for such shares. Such payment may be made, as determined by the Committee in its discretion, in any one or any combination of the following:

(A) cash, or

(B) shares of restricted or unrestricted Stock owned by the Grantee prior to such grant and valued at its Fair Market Value on the business day immediately preceding the date of payment;

provided, however, that in the case of payments in shares of restricted or unrestricted Stock,

(1) the use of shares of restricted or unrestricted Stock in payment of such purchase price by a Section 16 Grantee is subject to the prior receipt by the Company of either an opinion of counsel for the Company or an interpretive or no action letter from the staff of the SEC to the effect that such use of stock does not raise the potential for liability under Section 16(b) of the 1934 Act or render inapplicable any exemption otherwise available pursuant to Rule 16b-3 under the 1934 Act; and

(2) if the purchase price for restricted Stock (New Restricted Stock) is paid with shares of restricted Stock (Old Restricted Stock), the restrictions applicable to the New Restricted Stock shall be the same as if the Grantee had paid for the New Restricted Stock in cash unless, in the judgment of the Committee, the Old Restricted Stock was subject to a greater risk of forfeiture, in which case a number of shares of New Restricted Stock equal to the number of shares of Old Restricted Stock tendered in payment for New Restricted Stock shall be subject to the same restrictions as the Old Restricted Stock, determined immediately before such payment.

(v) Upon the date that shares of restricted Stock become non-forfeitable, the Company shall exchange such shares of Common Stock for an equal number of shares of Class A Common Stock if such shares of restricted Stock have been granted as shares of Common Stock and if such A Common Stock is issued and publicly traded on any securities market as described in Article 2(k).

(vi) The Committee may, but need not, provide that all or any portion of a Grantee's Award of restricted Stock shall be forfeited

(A) except as otherwise specified in the Award Agreement, upon the Grantee's Termination of Employment within a specified time period after the Grant Date, or

(B) if the Company or the Grantee does not achieve specified performance goals within a specified time period after the Grant Date and Before the Grantee's Termination of Employment, or

(C) upon failure to satisfy such other restrictions as the Committee may specify in the Award Agreement.

(vii) If a share of restricted Stock is forfeited, then

(A) the Grantee shall be deemed to have resold such share of restricted Stock to the Company at the lesser (1) the purchase price paid by the Grantee (such purchase price shall be deemed to be zero dollars (\$0) if no purchase price was paid) or (2) the Fair Market Value of a share of Stock on the date of such forfeiture;

(B) the Company shall pay to the Grantee the amount determined under clause (A) of this sentence, if not zero, as soon as is administratively practicable, but in any case within 90 days after forfeiture; and

(C) such share of restricted Stock shall cease to be outstanding, and shall no longer confer on the Grantee thereof any rights as a stockholder of the Company, from and after the date of the Company's tender of the payment specified in clause (B) of this sentence, whether or not such tender is accepted by the Grantee, or the date the restricted Stock is forfeited if no purchase price was paid for the restricted Stock.

(viii) Any share of restricted Stock shall bear an appropriate legend specifying that such share is non-transferable and subject to the restrictions set forth in the Plan. If any shares of restricted Stock become nonforfeitable, the Company shall cause certificates for such shares to be issued or reissued without such legend and delivered to the Grantee or, at the request of the Grantee, shall cause such shares to be credited to a brokerage account specified by the Grantee.

(e) Grant of Stock Appreciation Rights. The Committee may grant stock appreciation rights to any employee eligible under Article 5 to receive Awards. When granted, stock appreciation rights may, but need not, be identified with shares of Stock subject to a specific Option awarded to the Grantee (including any Option granted on or before the Grant Date of the stock appreciation rights) in a number equal to or different from the number of stock appreciation rights so granted. If stock appreciation rights are identified with shares of Stock subject to an Option then, unless otherwise provided in the applicable Award Agreement, the Grantee's associated stock appreciation rights shall terminate upon the exercise, expiration, termination, forfeiture, or cancellation of such Option.

(f) Grant of Performance Units and Performance Shares.

(i) The Committee may, in its discretion, grant performance units or performance shares to any employee eligible under Article 5 to receive Awards.

(ii) Before the grant of any performance unit or performance share, the Committee shall:

(A) determine Performance Goals applicable to such grant,

(B) designate a period, of not less than one year nor more than five years, for the measurement of the extent to which Performance Goals are attained (the Measuring Period), and

(C) assign a Performance Percentage to each level of attainment of Performance Goals during the Measuring Period, with the percentage applicable to minimum attainment being zero percent (0%) and the percentage applicable to optimum attainment to be determined by the Committee from time to time.

(g) Grant of Phantom Stock. The Committee may, in its discretion, grant shares of phantom stock to any employee who is eligible under Article 5 to receive Awards and is employed outside the United States. Such phantom stock shall be subject to the terms and conditions established by the Committee and set forth in the applicable Award Agreement.

(h) Grant of Stock Bonuses. The Committee may grant shares of Stock as a bonus to any individual eligible under Article 5 to receive Awards.

(i) Tandem Awards. The Committee may grant and identify any Award with any other Award granted under the Plan, on terms and conditions determined by the Committee.

(j) Performance Goals. Performance Goals shall mean the goals applicable to an Award which shall be set forth in a written document prior to the commencement of the Grantee's services to which the Performance Goals under the Award relate and while the outcome is still substantially uncertain. In establishing Performance Goals, the Committee may consider such factor or factors relating to performance as it deems appropriate, including net income, growth in net income, earnings per share, growth of earnings per share return on equity, return on capital, or any other business criteria as contemplated in Section 162(m) of the Code. The Committee, if applicable, shall certify in writing prior to payment of compensation related to any applicable performance unit, performance share, restricted stock or share of phantom stock that the Performance Goals and any other material terms were satisfied. The Committee may, at any time, modify Performance Goals as a result of changes required in applicable laws. If a Grantee is promoted, demoted or transferred to a different business unit of the Company during a performance period, then, to the extent the Committee determines the Performance Goals are no longer appropriate, the Committee may adjust, change or eliminate the Performance Goals or as it deems appropriate in order to make them appropriate and comparable to the initial Performance Goals.

7. Non-transferability. Each Award (other than restricted Stock) granted hereunder shall by its terms not be assignable or transferable, other than as permitted pursuant to the applicable provisions of Rule 16b-3 under the 1934 Act and as provided in the applicable Award Agreement, and may be exercised, during the Grantee's lifetime, only by the Grantee. Each share of restricted Stock shall be non-transferable until such shares become nonforfeitable. Notwithstanding the foregoing, the Grantee may, to the extent provided in the Plan and in a manner specified by the Committee (a) designate in writing a beneficiary to exercise his or her Options after the Grantee's death, and (b) transfer an Option (other than an Incentive Stock Option), stock appreciation right, performance unit or performance share to a revocable, inter vivos trust as to which the Grantee is both the settlor and the trustee, but in no event shall any such transfer be effective unless the Company shall have received an opinion of counsel for the Company or an interpretive or no action letter from the staff of the SEC to the effect that such a transfer does not raise the potential for liability under Section 16(b) of the 1934 Act or render inapplicable any exemption otherwise available pursuant to Rule 16b-3 under the 1934 Act.

8. Exercise.

(a) Exercise of Options. Subject to Article 4(c)(vii), 11 and 12 and such terms and conditions as the Committee may impose, each Option shall be exercisable in one or more installments commencing not earlier than the first anniversary of the Grant Date of such Option; provided, however, that all Options held by each Grantee shall become fully (100%) exercisable upon the occurrence of a Change of Control regardless of whether the acceleration of the exercisability of such Options would cause such Options to lose their eligibility for treatment as Incentive Stock Options. Notwithstanding the foregoing, Options may not be exercised by a Grantee for twelve months following a hardship distribution to the Grantee, to the extent such exercise is prohibited under Treasury Regulation 1.401(k)-1(d)(2)(iv)(B)(4). Each Option shall be exercised by delivery to the Company of written notice of intent to purchase a specific number of shares of Stock or restricted Stock subject to the Option. Such stock will be Class A Common Stock or if no Class A Common Stock is publicly traded on any securities market described in Article 2(k) on the date such options are exercised, then Common Stock. The Option Price of any shares of Stock or restricted Stock as to which an Option shall be exercised shall be paid in full at the time of the exercise. Payment may be made, as determined by the Committee in its discretion, in any one or any combination of the following:

(i) cash,

(ii) shares of restricted or unrestricted Stock owned by the Grantee prior to the exercise of the Option and valued at its Fair Market Value on the last business day immediately preceding the date of exercise, or

(iii) through simultaneous sale through a broker of shares of unrestricted Stock acquired on exercise, as permitted under Regulation T of the Federal Reserve Board.

Payment in Stock or restricted Stock may be made, with the consent of the Committee and if the Company obtains an opinion of counsel for the Company or an interpretive or no action letter from the staff of the SEC to the

effect that no potential liability under Section 16(b) of the 1934 Act would result, by pyramiding (i.e. paying the Option Price with shares of Stock simultaneously acquired by Option exercise).

If restricted Stock (Tendered Restricted Stock) is used to pay the Option Price for Stock, then a number of shares of Stock acquired on exercise of the Option equal to the number of shares of Tendered Restricted Stock shall be subject to the same restrictions as the Tendered Restricted Stock, determined as of the date of exercise of the Option. If the Option Price for restricted Stock is paid with Tendered Restricted Stock, and if the Committee determines that the restricted Stock acquired on exercise of the Option shall be subject to restrictions (Greater Restrictions) that cause it to have a greater risk of forfeiture than the Tendered Restricted Stock, then notwithstanding the preceding sentence, all the restricted Stock acquired on exercise of the Option shall be subject to such Greater Restrictions.

Shares of unrestricted Stock acquired by a Grantee on exercise of an Option shall be delivered to the Grantee or, at the request of the Grantee, shall be credited directly to a brokerage account specified by the Grantee.

(b) Exercise of Stock Appreciation Rights. Subject to Article 4(c)(vii), 11 and 12 and such terms and conditions as the Committee may impose, each stock appreciation right shall be exercisable not earlier than the first anniversary of the Grant Date of such stock appreciation right and, if such stock appreciation right is identified with an Option, to the extent such Option may be exercised unless otherwise provided by the Committee, Stock appreciation rights shall be exercised by delivery to the Company of written notice of intent to exercise a specific number of stock appreciation rights. Unless otherwise provided in the applicable Award Agreement, the exercise of stock appreciation rights which are identified with shares subject to an Option shall result in the forfeiture of such Option to the extent of such exercise.

The benefit for each stock appreciation right exercised shall be equal to the excess, if any, of

(i) the Fair Market Value of a share of Stock on the date of such exercise, over

(ii) an amount equal to

(A) in the case of a stock appreciation right identified with a share of Stock subject to an Option, the Option Price of such Option, unless the Committee in the grant of the stock appreciation right specified a higher amount, or

(B) in the case of any other stock appreciation right, the Fair Market Value of a share of Stock on the Grant Date of such stock appreciation right, unless the Committee in the grant of the stock appreciation right specified a higher amount;

provided that the Committee, in its discretion, may provide that the benefit for any stock appreciation right shall not exceed a maximum amount (i.e. a cap) set by Committee, which cap may be expressed as (i) a percentage of the excess amount described above (not to exceed 100%), (ii) a percentage of the Fair Market Value of a share of Stock on the Grant Date of the stock appreciation right, or (iii) a fixed dollar amount. The benefit upon the exercise of a stock appreciation right shall be payable in cash, except that the Committee, with respect to any particular exercise, may, in its discretion, pay benefits wholly or partly in Stock delivered to the Grantee or credited to a brokerage account specified by the Grantee.

(c) Exercise of Performance Units.

(i) Subject to Article 4(c)(vii), 11 and 12 and such terms and conditions as the Committee may impose, and unless otherwise provided in the applicable Award Agreement, if, with respect to any performance unit, the minimum Performance Goals have been achieved during the applicable Measuring Period, then such performance unit shall be deemed exercised on the date on which it first becomes exercisable.

(ii) The benefit for each performance unit exercised shall be an amount equal to the product of

(A) The Unit Value (as defined below), multiplied by

(B) the Performance Percentage attained during the Measuring Period for such performance unit.

(iii) The Unit Value shall be, as specified by the Committee,

(A) a dollar amount,

(B) an amount equal to the Fair Market Value of a share of Stock on the Grant Date,

(C) an amount equal to the Fair Market Value of a share of Stock on the exercise date of the performance unit, plus, if so provided in the Award Agreement, an amount (Dividend Equivalent Amount) equal to the Fair Market Value of the number of shares of Stock that would have been purchased if each dividend paid on a share of Stock on or after the Grant Date and on or before the exercise date were invested in shares of Stock at a purchase price equal to its Fair Market Value on the respective dividend payment date, or

(D) an amount equal to the Fair Market Value of a share of Stock on the exercise date of the performance unit (plus, if so specified in the Award Agreement, a Dividend Equivalent Amount), reduced by the Fair Market Value of a share of Stock on the Grant Date of the performance unit.

(iv) The benefit upon the exercise of a performance unit shall be payable to the Grantee (or at the request of the Grantee, deliver to a brokerage account specified by the Grantee), as soon as is administratively practicable (but in any event within 90 days) after the later of (A) the date the Grantee is deemed to exercise such performance unit, or (B) the date (or dates in the event of installment payments) as provided in the applicable Award Agreement. Such benefit shall be payable in cash, except that the Committee, with respect to any particular exercise, may, provide in the Award Agreement that benefits may be paid wholly or partly in Stock. The number of shares of Stock payable in lieu of cash shall be determined by valuing the Stock at its Fair Market Value on the business day next preceding the date such benefit is to be paid.

(d) Payment of Performance Shares. Subject to Article 4(c)(vii), 11 and 12 and such terms and conditions as the Committee may impose, and unless otherwise provided in the applicable Award Agreement, if the minimum Performance Goals specified by the Committee with respect to an Award of performance shares have been achieved during the applicable Measuring Period, then the Company shall pay to the Grantee of such Award (or, at the request of the Grantee, deliver to a brokerage account specified by the Grantee) shares of Stock equal in number to the product of the number of the performance share(s) specified in the applicable Award Agreement multiplied by the Performance Percentage achieved during such Measuring Period, except to the extent that the Committee in its discretion determines that cash be paid in lieu of some or all of such shares of Stock. The amount of cash payable in lieu of a share of Stock shall be determined by valuing such share at its Fair Market Value on the business day next preceding the date such cash is to be paid. Payment pursuant to this Article 8(d) shall be made as soon as administratively practicable (but in any event within 90 days) after the end of the applicable Measuring Period. Any performance shares with respect to which the Performance Goals have not been achieved by the end of the applicable Measuring Period shall expire.

(e) Payment of Phantom Stock Awards. Upon the vesting of a phantom stock Award, the Grantee shall be entitled to receive a cash payment in respect of each share of phantom stock which shall be equal to the Fair Market Value of a share of Stock as of the date the phantom stock Award was granted, or such other date as determined by the committee at the time the phantom stock Award was granted. The Committee may at the time a phantom stock Award is granted, provide a limitation on the amount payable in respect of each share of phantom stock.

(f) Full Vesting upon Change of Control. In the event of a Change of Control, all unvested Awards shall become immediately vested and exercisable; provided that the benefit payable with respect to any performance unit of performance share with respect to which the Measuring Period has not ended as of the date of such Change of Control shall be equal to the product of the Unit Value multiplied successively by each of the following:

(1) a fraction, the numerator of which is the number of months (including as a whole month any partial month) that have elapsed since the beginning of such Measuring Period until the date of such Change of Control and the denominator of which is the number of months (including as a whole month any partial month) in the Measuring Period; and

(2) a percentage equal to the greater of the target percentage, if any, specified in the applicable Award Agreement or the maximum

percentage, if any, that would be earned under the terms of the applicable Award Agreement assuming that the rate at which the performance goals have been achieved as of the date of such Change of Control would continue until the end of the Measuring Period.

(g) Pooling of Interests. If the Committee in its discretion determines that the exercise of an Award would preclude the use of pooling of interests accounting following a sale of the Company which is reasonably likely to occur and that such preclusion of pooling would have a material adverse effect on the sale of the Company, the Committee, in its discretion, may take such action as it deems appropriate in order to preserve the pooling of interests accounting including either unilaterally barring the exercise of such Award by canceling the Award prior to the Change of Control or by causing the Company to pay the Award rights benefit in Stock if it determines that such payment would not cause the transaction to be ineligible for pooling.

(h) Special Rules for Section 16 Grantees. No stock appreciation right, Option, performance unit, performance share or share of phantom stock (if the benefit payable with respect to such performance unit, performance share or share of phantom stock is to be determined by reference to the Fair Market Value of Stock on the date the performance unit, performance share or share of phantom stock is deemed to be exercised) shall be exercisable by a Section 16 Grantee during the first six months after its Grant Date, except as may be exempt from Section 16(b) of the 1934 Act pursuant to Rule 16a-2(d) under the 1934 Act.

(i) Exercise, Cancellation, Expiration or Forfeiture of Tandem Awards. Upon the exercise, cancellation, expiration, forfeiture or payment in respect of any Award which is identified with any other Award (the Tandem Award) pursuant to Article 6(h), the Tandem Award shall automatically terminate to the extent of the number of shares in respect of which the Award is so exercised, canceled, expired, forfeited or paid, unless otherwise provided by the Committee at the time of grant of the Tandem Award or thereafter.

9. Effect of Certain Transactions. With respect to any Award which relates to Stock, in the event of a merger or consolidation of the Company (a Transaction), the Plan and the Awards issued hereunder shall continue in effect in accordance with their respective terms and each Grantee shall be entitled to receive in respect of each share of Stock subject to any outstanding Awards, upon the vesting, payment or exercise of the Award (as the case may be), the same number and kind of stock, securities, cash, property, or other consideration that each holder of share of Stock was entitled to receive in the Transaction in respect of a share of Stock. With respect to any Award which relates to stock, in the event of a liquidation or dissolution of the Company, the Committee may take such actions as it deems appropriate.

10. Mandatory Withholding Taxes. The Company shall have the right to deduct from any distribution of cash to any Grantee an amount equal to the federal, state and local income taxes and other amounts as may be required by law to be withheld (the Withholding Taxes) with respect to any Award. If a Grantee is to experience a taxable event in connection with the receipt of shares pursuant to an Option exercise or the vesting or payment of another type of Award (a Taxable Event), the Grantee shall pay the Withholding Taxes to the Company prior to the issuance, or release from escrow, of such shares or payment of such Award. Payment of the applicable Withholding Taxes may be made, as determined by the Committee in its discretion, in any one or any combination of (i) cash, (ii) shares of restricted or unrestricted Stock owned by the Grantee prior to the Taxable Event and valued at its Fair Market Value on the business day immediately preceding the date of exercise, or (iii) by making a Tax Election (as described below). For purposes of this Article 10, a Grantee may make a written election, which may be accepted or rejected at the discretion of the Committee (the Tax Election), to have withheld a portion of the shares then issuable to him or her having an aggregate Fair Market Value, on the date preceding the date of such issuance, equal to the Withholding Taxes, provided that in respect of a Section 16 Grantee either: (i) in the case of a Taxable Event involving any Award (A) the Tax Election is made at least six months prior to the date of the Taxable Event and (B) the Tax Election is irrevocable with respect to all Taxable Events of a similar nature occurring prior to the expiration of six months following a revocation of the Tax Election; or (ii) in the case of the exercise of an Option a stock appreciation (A) the Grantee makes the Tax Election at least six months after the date the Option or stock appreciation right was granted, (B) the Option or stock appreciation right is exercised during the ten day beginning on the third business day and ending on the twelfth business day following the release for publication of the Company's quarterly or annual statement of sales and earnings (a Window Period) and (C) the Tax Election is made during the Window Period in which the related Option or stock appreciation right is exercised or prior to such Window Period and subsequent to the immediately preceding Window Period; or (iii)

in the case of a Taxable Event relating to the payment or vesting of an Award which does not involve the exercise of an Option or a stock appreciation right (A) the Grantee makes the Tax Election at least six months after the date the Award was granted and (B) the Tax Election is made (x) in the case of a Taxable Event occurring within a Window Period, during the Window Period in which the Taxable Event occurs, or (y) in the case of a Taxable Event not occurring within a Window Period, during the Window Period immediately preceding the Taxable Event relating to the Award. Notwithstanding the foregoing, the Committee may, by the adoption of rules or otherwise, (i) modify the provisions of this Article 10 or impose such other restrictions or limitations on Tax Elections as may be necessary to ensure that the Tax Elections will be exempt transactions under Section 16(b) of the 1934 Act, and (ii) permit Tax Elections to be made at such other times and subject to such other conditions as the Committee determines will constitute exempt transactions under Section 16(b) of the 1934 Act.

11. Termination of Employment. The Award Agreement pertaining to each Award shall set forth the terms and conditions applicable to such Award upon a Termination of Employment of the Grantee by the Company, a Subsidiary or an operating division or unit, as the Committee may, in its discretion, determine at the time the Award is granted or thereafter; provided however, that if a Grantee's employment is terminated as a result of (i) the Grantee's conviction of a felony which is, in the opinion of the Committee, likely to result in injury of a material nature to the Company or a Subsidiary, or (ii) the gross and habitual negligence by the Grantee in the performance of the Grantee's duties to the Company or is Subsidiaries (termination for Cause), the Grantee's shares of restricted stock that are forfeitable, subject to the provisions of Section 6(d)(vii) regarding repayment of certain amounts to the Grantee, and any unexercised option, stock appreciation right, performance unit, performance share or share of phantom stock shall thereupon terminate.

12. Securities Law Matters.

(a) If the Committee deems it necessary to comply with the Securities Act of 1933, the Committee may require a written investment intent representation by the Grantee and may require that a restrictive legend be affixed to certificates for shares of Stock.

(b) If, based upon the opinion of counsel for the Company, the Committee determines that the exercise or non forfeitability of, or delivery of benefits pursuant to, any Award would violate any applicable provision of (i) federal or state securities law or (ii) the listing requirements of any national securities exchange on which are listed any of the Company's equity securities, then the Committee may postpone any such exercise, non-forfeitability or delivery, as the case may be, but the Company shall use its best efforts to cause such exercise, non-forfeitability or delivery to comply with all such provisions at the earliest practicable date.

(c) Subject to Articles 13(a) and (b) above, no shares of Stock shall be issued to any Grantee in respect of any Award prior to the time a registration statement under the Securities Act of 1933 is effective with respect to such shares.

13. No Funding Required. Benefits payable under the Plan to any person shall be paid directly by the Company. The Company shall not be required to fund, or otherwise segregate assets to be used for payment of, benefits under the Plan.

14. No Employment Rights. Neither the establishment of the Plan, nor the granting of any Award shall be construed to (a) give any Grantee the right to remain employed by the Company or any of its Subsidiaries or to any benefits not specifically provided by the Plan or (b) in any manner modify the right of the Company or any of its Subsidiaries to modify, amend, or terminate any of its employee benefit plans.

15. Rights as a Stockholder. A Grantee shall not, by reason of any Award (other than restricted Stock), have any right as a stockholder of the Company with respect to the shares of Stock which may be deliverable upon exercise or payment of such Award until such shares have been delivered to him. Shares of restricted Stock held by a Grantee or held in escrow by the Secretary of the Company shall confer on the Grantee all rights of a stockholder of the Company, except as otherwise provided in the Plan.

16. Nature of Payments. Any and all grants, payments of cash, or deliveries of shares of Stock hereunder shall constitute special incentive payments to the Grantee and shall not be taken into account in computing the amount of salary or compensation of the Grantee for the purpose of determining any pension, retirement, death or other benefits under (a) any pension, retirement, profit-sharing, bonus, life insurance or other employee benefit plan of the Company or any of its Subsidiaries or (b) any agreement between the Company or any Subsidiary, on the one hand, and the Grantee, on the other hand, except as such plan or agreement shall otherwise expressly provide.

17. Non-Uniform Determinations. Neither the Committee's nor the Board's determinations under the Plan need be uniform and may be made by the Committee or the Board selectively among persons who receive, or are eligible to receive, Awards (whether or not such persons are similarly situated). Without limiting the generality of the foregoing, the Committee shall be entitled, among other things, to make non-uniform and selective determinations, to enter into non-uniform and selective Award Agreements as

to (a) the identity of the Grantees, (b) the terms and provisions of Awards, and (c) the treatment of Terminations of Employment.

18. Adjustments. In the event of Change in Capitalization, the Committee shall, in its sole discretion, make equitable adjustment of

(a) the aggregate number and class of shares of Stock or other stock or securities available under Article 3,

(b) the number and class of shares of Stock or other stock or securities covered by an Award,

(c) the Option Price applicable to outstanding Options,

(d) the terms of performance unit and performance share grants, and

(e) the Fair Market Value of Stock to be used to determine the amount of the benefit payable upon exercise of stock appreciation rights, performance units, performance shares or phantom stock.

19. Amendment of the Plan. The Board may from time to time in its discretion amend or modify the Plan without the approval of the stockholders of the Company, except as such stockholder approval may be required (a) to retain Incentive Stock Option treatment under Section 422 of the Internal Revenue Code, (b) to permit transactions in Stock pursuant to the Plan to be exempt from potential liability under Section (16(b) of the 1934 Act or (c) under the listing requirements of any securities exchange on which any of the Company's equity securities are listed.

20. Termination of the Plan. The Plan shall terminate on the tenth (10th) anniversary of the Effective Date or at such earlier time as the Board may determine. Any termination, shall not affect any Award then outstanding under the Plan.

21. No Illegal Transactions. The Plan and all Awards granted pursuant to it are subject to all laws and regulations of any governmental authority which may be applicable thereto; and notwithstanding any provision of the Plan or any Award, Grantees shall not be entitled to exercise Awards or receive the benefits thereof and the Company shall not be obligated to deliver any Stock or pay any benefits to a Grantee if such exercise, delivery, receipt or payment of benefits would constitute a violation by the Grantee or the Company of any provision of any such law or regulation.

22. Governing Law. Except where preempted by federal law, the law of the State of Delaware shall be controlling in all matters relating to the Plan, without giving effect to the conflicts of law principles thereof.

23. Severability. If all or any part of the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not sever to invalidate any portion of the Plan not declared to be unlawful or invalid. Any Article or part of an Article so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such Article or part of an Article to the fullest extent possible while remaining lawful and valid.

PROCEDURES LETTER-FLOATING AND FIXED RATE LOANS

Harris Trust and Savings Bank
111 West Monroe Street
Chicago, Illinois 60690

Gentlemen:

Oil-Dri Corporation of America, a Delaware corporation (the "Company") hereby requests that borrowings under its \$10,000,000 line of credit granted by Harris Trust and Savings Bank be made and documented upon the following terms and conditions.

All borrowings made by us under our line of credit from you shall bear interest prior to maturity either (i) at a rate per annum which is equal at all times to the rate from time to time announced by you as your prime commercial rate, with any change in the interest rate on such borrowings by virtue of a change in such prime commercial rate to be and become effective as of and on the date of the relevant change in such prime commercial rate (such borrowings being hereinafter collectively referred to as the "Floating Rate Loans" and individually as a "Floating Rate Loan") or (ii) at our request, if you so agree, at a short term fixed rate of interest on and subject to the terms hereinafter set forth (such borrowings being hereinafter collectively referred to as the "Fixed Rate Loans" and individually as a "Fixed Rate Loan"). The Floating Rate Loans and the Fixed Rate Loans are sometimes hereinafter collectively referred to as the "Loans" and individually as a "Loan".

You will from time to time receive telephonic requests for Fixed Rate Loans from any one of the persons authorized to borrow on our behalf under the terms of this letter, each such request to specify the amount and term of the requested Fixed Rate Loan. If you are willing to make a Fixed Rate Loan available to us for the amount and for the term requested, you shall advise the requesting person of the interest rate at which you are prepared to make such Fixed Rate Loan and if the person acting on our behalf indicates that such rate is acceptable, the Loan shall be deemed consummated. Each Fixed Rate Loan shall be in a minimum amount of \$1,000,000.00 and shall mature upon demand, but prior to demand, shall mature on the last day of the period for which the interest rate applicable to such Fixed Rate Loan shall have been fixed (each such period being hereinafter referred to as an "Interest Period".) We acknowledge and agree that you have no obligation to quote rates or to make or refund any Fixed Rate Loan after receiving a request therefor from us and that any Fixed Rate Loan made by you to us shall be subject to such other terms and conditions as are mutually agreed upon between you and us.

We agree that no Fixed Rate Loan may be voluntarily prepaid prior to its express maturity date. In the event you shall incur any loss, cost or expense (including, without limitation, any loss of profit and any loss, cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by you to fund or maintain any Fixed Rate Loan or the relending or reinvesting of such deposits or amounts paid or prepaid by us) as a result of any payment, (whether voluntary or as a result of a demand hereunder) of a Fixed Rate Loan on a date other than the last day of the Interest Period applicable thereto, then upon your demand, we shall pay you such amounts as will reimburse you for such loss, cost or expense. If you make such a claim for compensation, you shall provide to us a certificate setting forth the amount of such loss, cost or expense in reasonable detail and such certificates shall be conclusive and binding on us as to the amount thereof except in the case of manifest error.

All borrowings made by us under our line of credit from you shall be payable on demand but if no demand is made, each such borrowing shall automatically mature (i) on the last day of the Interest Period applicable thereto in the case of Fixed Rate Loans and (ii) in the case of Floating Rate Loans, on the interest payment date next following the date the Floating Rate Loan is made, provided that, the Floating Rate Loans will

automatically be refunded with new Floating Rate Loans maturing on demand but if no demand is made, then on the interest payment date next following the date such new Floating Rate Loan is made, unless the line of credit has been terminated or expired or you have advised us that you do not desire to effect such a renewal.

Interest on all borrowings hereunder shall be computed on the basis of a year of 360 days and actual days elapsed and shall be payable, in the case of Floating Rate Loans, on the 25th day of each month, and in the case of Fixed Rate Loans, on the last day of their Interest Period and, if such Interest Period is longer than three (3) months, every three (3) months after the Loan is made, and, in the case of all Loans, upon demand.

In the event that the Company fails to pay any portion of a Loan when due (whether by lapse of time, upon demand or otherwise), such unpaid amount shall thereafter bear interest, which the Company hereby promises to pay at your offices in Chicago, Illinois, at a rate per annum which is equal at all times to the greater of (i) the rate per annum determined by adding three percent (3%) to the rate applicable to such Loan prior to maturity or, (ii) the rate per annum determined by adding three percent (3%) to the rate from time to time announced by you as your prime commercial rate.

All borrowings hereunder shall be made against and evidenced by a promissory note of the Company payable to your order in the aggregate principal amount of \$10,000,000, such note to mature upon demand, and to be otherwise in the form of Exhibit A attached hereto (the "Note"). All borrowings made hereunder, the status of such borrowings as Floating Rate Loans or Fixed Rate Loans, the rates of interest and Interest Periods applicable to Fixed Rate Loans and the repayment of any principal of the borrowings hereunder shall be recorded by you on your books and records or, at your option, endorsed on the reverse side of the Note or on a schedule thereto and the unpaid principal balance, status and interest rates at any time so recorded or endorsed shall be prima facie evidence in any court or other proceedings brought to enforce the Note of the amount remaining unpaid thereon, the interest rate applicable thereto and the status of Loans evidenced thereby.

You agree until further notice that upon oral advice by telephone received by you from time to time from authorized persons listed in this letter that we wish to borrow money, you will, lend and deposit to our general account with you, known as Account Number 367-985-9 (the "Account") such sums of money as may be mutually agreed upon. Each such request for a borrowing shall specify whether we are requesting a Floating Rate Loan or a Fixed Rate Loan. We agree to confirm such borrowings in writing by mailing on the same day a letter in the form attached hereto as Exhibit B in the case of any Floating Rate Loan and in the form attached hereto as Exhibit C in the case of a Fixed Rate Loan, in each case signed by any one of the following: Richard M. Jaffee and Daniel S. Jaffee. It is understood, however, that pending receipt of such letter by you in the ordinary course of the mails, that any sums of money borrowed by telephone on advice of an authorized person or a person purporting to be an authorized person in accordance with the foregoing arrangement shall immediately be credited to the Account, and we shall be obligated to repay to you the sums so borrowed at the times and with the interest as set forth in this letter notwithstanding that any such borrowing is not confirmed as contemplated above.

The persons authorized to give you telephonic instructions to lend money and repay borrowings in accordance with the foregoing are Richard M. Jaffee, Chairman and Chief Executive Officer (singly, by telephone or in writing, including by telecopy or other facsimile means); Daniel S. Jaffee, President and Chief Operating Officer (singly, by telephone or in writing, including by telecopy or other facsimile means); *Joseph C. Miller, Vice Chairman; *Michael L. Goldberg, Vice President and Chief Financial Officer; *Donald J. Deegan, Vice President, Strategic Planning and Business Development; *Richard L. Pietrowski, Treasurer; *Louis T. Bland, Jr., Secretary. In accepting telephonic advices from any of such persons in accordance with the terms of this Agreement, you shall be entitled to rely on advices given by any person purporting to be any one of such persons and shall have no liability to us on account of any action taken by you pursuant to such telephonic advices provided you have acted in good faith in connection therewith. You are, of course, authorized to lend money to us upon the written (including telecopies or other facsimile) instructions of any person and/or employees authorized to borrow funds by telephonic advice.

This Agreement and the arrangements and authorizations herein contemplated shall remain in full force and effect, and shall be applicable to any renewals of, or replacements or substitutions for, our present revolving line of credit from you, unless and until you have received written notice from the Company of the termination or modification of this Agreement at your office in Chicago, Illinois or unless and until the Company has received such a notice at its address as shown on your records from you; provided that no such termination or modification by the Company shall affect any transaction which occurred prior to the receipt of such notice by you nor shall any such termination or modification become effective without your written consent unless and until all amounts which shall have been borrowed hereunder shall have been repaid in full. This Agreement and your acceptance of this Agreement as hereinafter contemplated do not constitute any commitment on your part to make any credit available to the Company, it being understood that the making of credit available to the Company by you from time to time shall be under and pursuant to the line of credit arrangement that this Company has with you and shall be subject to the terms and conditions incidental to such line of credit. This Agreement and the rights and remedies of the parties hereto shall be governed by the laws of Illinois.

*The following officers and/or employees of the Corporation are authorized and empowered to give instructions to lend money and repay borrowings by manual signature only with a signature of any one other included.

If you are in agreement with the foregoing, please sign in the appropriate place on the enclosed counterpart and return such counterpart to us, whereupon this letter shall become a binding agreement between you and us.

Dated this 25th day of July, 1996.

Very truly yours,

OIL-DRI CORPORATION OF AMERICA

By: /s/Daniel S. Jaffee

Its: President

Accepted as of the date last above written.

HARRIS TRUST AND SAVINGS BANK

By: /s/Patrick J. McDonnell

Its Vice President

UNSECURED
NOTE

\$10,000,000

July 25, 1996.

ON DEMAND, for value received, the undersigned, Oil-Dri Corporation of America, a Delaware corporation (the "Company"), promises to pay to the order of HARRIS TRUST AND SAVINGS BANK (the "Bank") at its offices at 111 West Monroe Street, Chicago, Illinois, the principal sum of Ten Million and 00/100 Dollars (\$10,000,000), or, if less, so much thereof as may be advanced to the Company hereon pursuant to the Procedures Letter hereinafter referred to.

This Note evidences both Floating Rate Loans and Fixed Rate Loans as such terms are defined in that certain Procedures Letter-Floating and Fixed Rate Loans bearing even date herewith (the "Procedures Letter") by and between the Company and the Bank as the same may from time to time be amended, renewed or extended and the Company hereby promises to pay interest on each Loan evidenced hereby at the rate and time specified therefor in the Procedures Letter. All capitalized terms used herein without definition shall have the same meanings herein as such terms are defined in the Procedures Letter.

Each Loan made under the Procedures Letter by the Bank to the Company, any repayment of principal hereon, the status of each such Loan as a Floating Rate Loan or a Fixed Rate Loan, the interest rate and, in the case of the Fixed Rate Loans, the Interest Period applicable thereto shall be endorsed by the holder hereof on the reverse side of this Note or (so long as this Note is held by Harris Trust and Savings Bank) recorded on the books and records of the holder hereof and the Company agrees that in any action or proceeding instituted to collect or enforce collection of this Note, the amount so endorsed on the reverse side hereof or recorded on the books and records of Harris Trust and Savings Bank shall be prima facie evidence of all such amounts.

This Note and the holder hereof are entitled to all the benefits provided for under the Procedures Letter, to which reference is hereby made for a statement thereof. The Company hereby waives presentment and notice of dishonor. The Company agrees to pay to the holder hereof all expenses incurred or paid by such holder, including attorney's fees and court costs, in connection with the collection of this Note. It is agreed that this Note and the rights and remedies of the holder hereof shall be construed in accordance with and governed by the laws of Illinois.

OIL-DRI CORPORATION OF AMERICA

By: _____

Its: _____

EXHIBIT A

UNSECURED
NOTE

\$10,000,000

July 25, 1996.

ON DEMAND, for value received, the undersigned, Oil-Dri Corporation of America, a Delaware corporation (the "Company"), promises to pay to the order of HARRIS TRUST AND SAVINGS BANK (the "Bank") at its offices at 111 West Monroe Street, Chicago, Illinois, the principal sum of Ten Million and 00/100 Dollars (\$10,000,000), or, if less, so much thereof as may be advanced to the Company hereon pursuant to the Procedures Letter hereinafter referred to.

This Note evidences both Floating Rate Loans and Fixed Rate Loans as such terms are defined in that certain Procedures Letter-Floating and Fixed Rate Loans bearing even date herewith (the "Procedures Letter") by and between the Company and the Bank as the same may from time to time be amended, renewed or extended and the Company hereby promises to pay interest on each Loan evidenced hereby at the rate and time specified therefor in the Procedures Letter. All capitalized terms used herein without definition shall have the same meanings herein as such terms are defined in the Procedures Letter.

Each Loan made under the Procedures Letter by the Bank to the Company, any repayment of principal hereon, the status of each such Loan as a Floating Rate Loan or a Fixed Rate Loan, the interest rate and, in the case of the Fixed Rate Loans, the Interest Period applicable thereto shall be endorsed by the holder hereof on the reverse side of this Note or (so long as this Note is held by Harris Trust and Savings Bank) recorded on the books and records of the holder hereof and the Company agrees that in any action or proceeding instituted to collect or enforce collection of this Note, the amount so endorsed on the reverse side hereof or recorded on the books and records of Harris Trust and Savings Bank shall be prima facie evidence of all such amounts.

This Note and the holder hereof are entitled to all the benefits provided for under the Procedures Letter, to which reference is hereby made for a statement thereof. The Company hereby waives presentment and notice of dishonor. The Company agrees to pay to the holder hereof all expenses incurred or paid by such holder, including attorney's fees and court costs, in connection with the collection of this Note. It is agreed that this Note and the rights and remedies of the holder hereof shall be construed in accordance with and governed by the laws of Illinois.

OIL-DRI CORPORATION OF AMERICA

By:/s/ Daniel S. Jaffee

Its: President

CONFIRMATION

(FLOATING RATE LOAN)

_____, 19__

Harris Trust and Savings Bank
111 West Monroe Street
Chicago, Illinois

Attention: Emerging Majors-Illinois

Gentlemen:

This will confirm the telephone conversation Ms./Mr. _____ had with your office today whereby we arranged under the Procedures Letter currently in effect between us for a \$_____ Floating Rate Loan. We promise to pay such Floating Rate Loan, together with interest thereon as provided for in the terms of such Procedures Letter.

It is our understanding that the proceeds of this Loan have been deposited in our account with you, or if the foregoing Loan represents a refunding or extension of an outstanding Loan, you have noted the same on your books.

Very truly yours,

OIL-DRI CORPORATION OF AMERICA

By: _____

Its: _____

EXHIBIT B

CONFIRMATION

(FIXED RATE LOAN)

_____, 19__

Harris Trust and Savings Bank
111 West Monroe Street
Chicago, Illinois

Attention: Emerging Majors-Illinois

Gentlemen:

This will confirm the telephone conversation Ms./Mr. _____ had with your office today whereby we arranged under the Procedures Letter currently in effect between us for a \$_____ Fixed Rate Loan bearing interest at the rate of _____% per annum and maturing _____ days from this date. We promise to pay such Loan, together with interest thereon on such maturity date, all as provided for in the terms of the Procedures Letter.

It is our understanding that the proceeds of this Loan have been deposited in our account with you, or if the foregoing Loan represents a refunding or extension of an outstanding Loan, that the same and the new interest rate and maturity has been noted on your books.

Very truly yours,

OIL-DRI CORPORATION OF AMERICA

By: _____
Authorized Signature

EXHIBIT C

RESOLUTIONS

I, Louis T. Bland, Jr., do hereby certify that I am the duly elected, qualified and acting Secretary of Oil-Dri Corporation of America, a corporation duly organized and existing under the laws of the State of Delaware, and that as such Secretary, I am the keeper of the records and corporate seal of said Corporation.

I further certify that the following is a full, true and correct copy of consent resolutions adopted by the Executive Committee of the Board of Directors of said Corporation on the 23rd day of July, 1996, and that said resolutions are still in full force and effect and do not in any manner contravene the Charter or By-Laws of said Corporation:

WHEREAS, Harris Trust and Savings Bank, Chicago, Illinois (the "Bank") has granted this Corporation a line of credit in the amount of \$10,000,000 with borrowings under such facility to bear interest prior to demand on the balance of principal from time to time remaining unpaid thereon at the rate per annum which is equal to the prime commercial rate of the Bank from time to time in effect or at a fixed rate of interest, such borrowings to be made and repaid on a revolving basis and this Corporation has requested that all borrowings by this Corporation under such facility be evidenced by a master promissory note of this Corporation; and

WHEREAS, there is now before this Board of Directors, a copy of a Procedures Letter - Floating and Fixed Rate Loans (the "Agreement") embodying the terms and conditions under which borrowings under the aforesaid line of credit will be made and a form of demand promissory note to evidence said borrowings (the "Note") and said Agreement and Note having been examined by this Board are in the judgment of the Board in their proper form for their intended purposes;

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED BY THIS BOARD OF DIRECTORS as follows:

1. Any one of the following officers and/or employees of this Corporation: Richard M. Jaffee, Chairman and Chief Executive Officer (singly, by telephone or in writing, including by telecopy or other facsimile means); Daniel S. Jaffee, President and Chief Operating Officer (singly, by telephone or in writing, including by telecopy or other facsimile means); *Joseph C. Miller, Vice Chairman; *Michael L. Goldberg, Vice President and Chief Financial Officer; *Donald J. Deegan, Vice President, Strategic Planning and Business Development; *Richard L. Pietrowski, Treasurer; *Louis T. Bland, Jr., Secretary be and each of them is hereby authorized, empowered and directed for, in the name and on behalf of this Corporation (and attested to by its Secretary and under its corporate seal if so requested by the Bank), to execute and deliver to the Bank a Procedures Letter - Floating and Fixed Rate Loans containing substantially the terms, conditions and provisions as set forth in the form of Agreement now before this meeting and hereby approved, and/or such additional, modified or revised terms as may be acceptable to any of said officers and/or employees as evidenced by his execution thereof and also to borrow from the Bank up to \$10,000,000 and in evidence thereof to execute and deliver a promissory note of this Corporation in the form of the Note now before this meeting and hereby approved or containing such additional, modified or revised terms as may be acceptable to any of said officers and/or employees by his execution thereof, and to enter into, execute and deliver such amendments or modifications to said Agreement from time to time as may be acceptable to any of said officers and/or employees as evidenced by his execution thereof, including amendments changing the persons authorized to act on behalf of this Corporation thereunder or under numbered paragraphs one and two of these Resolutions and also to execute and deliver new promissory notes and letter agreements to the Bank when from time to time appropriate in order to continue the arrangements contemplated by the Note and Agreement now before this meeting in effect through any changes (including increases) in this Corporation's credit arrangement with the Bank.

2. That any one of the following officers and/or employees of this Corporation: Richard M. Jaffee, Chairman and Chief Executive Officer (singly, by telephone or in writing, including by telecopy or other facsimile means); Daniel S. Jaffee, President and Chief Operating Officer; *Joseph C. Miller, Vice Chairman; *Michael L. Goldberg, Vice President and Chief Financial Officer; *Donald J. Deegan, Vice President, Strategic Planning and Business Development; *Richard L. Pietrowski, Treasurer; *Louis T. Bland, Jr., Secretary be and each of them is hereby authorized, directed and empowered for and on behalf and in the name of this Corporation to, by telephone or in writing (including by telecopy or other facsimile means) request borrowings from and direct repayment to, the Bank from time to time pursuant to said Agreement in such amounts from time to time as such officers and/or employees deem appropriate and to orally direct the transfer by wire of funds so borrowed to the account of this Corporation at the Bank and to select the interest rate options applicable to the borrowings by this Corporation under its revolving line of credit in accordance with the Agreement.

3. Any of the officers, agents and employees of this Corporation be and they are hereby authorized, empowered and directed to do and perform such other acts and things, and to make, execute and deliver from time to time such other documents and instruments on behalf of this Corporation in order to comply with or evidence compliance with the terms of said Agreement and any other documents as so executed.

4. The Secretary of this Corporation shall deliver a certified copy of these resolutions to the Bank, and the Bank shall be entitled conclusively to presume as against this Corporation that these resolutions remain in full force and effect and said officers, employees and agents authorized hereunder continue to be authorized to act pursuant to the authority herein granted unless and until said Bank shall have actually received written notification from the Secretary or other officer of this Corporation of the rescission, modification or amendment of these resolutions or of the authorization herein contained; but no such rescission, modification or amendment shall affect any transaction occurring prior to the actual receipt by the Bank of such written notice.

5. These Resolutions shall be in addition to and supplementary of all resolutions of this Board of Directors now or hereafter on file with said Bank and this Resolution shall not revoke, supersede or modify any of such other resolutions.

*The following officers and/or employees of the Corporation are authorized and empowered to give instructions to lend money and repay borrowings by manual signature only with a signature of any one other included.

I further certify that the Agreement and Note referred to in said resolutions as being before this meeting are in the same forms, respectively, as the Procedures Letter - Floating and Fixed Rate Loans dated as of July 25, 1996 and as the Demand Note dated as of July 25, 1996 each as executed by this Corporation and delivered to the Bank, excepting only for such changes and amendments as are and were approved by the duly authorized officer and/or employee as evidenced by his execution thereof.

I further certify that the persons named below are at the date hereof the duly elected, qualified and acting incumbents of the respective offices and/or job titles of this Corporation set out at the left of their respective names, and the signatures at the right of said names, respectively, are the genuine signatures of said officers and/or employees:

Title/Job Description	Name	Signature
Chairman and Chief Executive Officer	Richard M. Jaffee	/s/Richard J. Jaffee
President and Chief Operating Officer	Daniel S. Jaffee	/s/Daniel S. Jaffee
Vice Chairman	Joseph C. Miller	/s/Joseph C. Miller
Vice President and Chief Financial Officer	Michael L. Goldberg	/s/Michael L. Goldberg
Vice President, Strategic Planning and Business Development	Donald J. Deegan	/s/Donald J. Deegan
Treasurer	Richard L. Pietrowski	/s/Richard L. Pietrowski
Legal Counsel and Secretary	Louis T. Bland, Jr.	/s/Louis T. Bland, Jr.

IN WITNESS WHEREOF, I have hereunto set my hand and the corporate seal of said Corporation this 25th day of July, 1996.

/s/Louis T. Bland, Jr.
Secretary as aforesaid

/s/Donald J. Deegan
Other Officer

(Corporate Seal)

Vice President
Title

This Resolution must also be signed by a second officer of the corporation or a member of its Board of Directors if the Secretary (or other certifying officer) is authorized to act alone by the above resolutions.

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

Twelve Months Ended	Period	Number of Days	Number of Shares Outstanding	Weighted Shares	Average Shares- (Weighted Shares) Number of Days As Adjusted	
July 31, 1996	08/01/95 to 08/08/95	8	6,901,322	55,210,578		
	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 03/04/96	145	6,812,922	987,873,690		
	03/05/96 to 03/06/96	2	6,809,422	13,618,844		
	03/07/96 to 03/18/96	12	6,802,922	81,635,064		
	03/19/96 to 04/30/96	43	6,796,122	292,233,246		
	05/01/96 to 05/28/96	28	6,798,122	190,347,416		
	05/29/96 to 05/30/96	2	6,793,022	13,586,044		
	05/31/96 to 06/02/96	3	6,792,022	20,376,066		
	06/03/96 to 06/03/96	1	6,789,022	6,789,022		
	06/04/96 to 06/04/96	1	6,787,022	6,787,022		
	06/05/96 to 06/10/96	6	6,785,022	40,710,132		
	06/11/96 to 06/13/96	3	6,778,022	20,334,066		
	06/14/96 to 06/17/96	4	6,772,422	27,089,688		
	06/18/96 to 06/19/96	2	6,760,422	13,520,844		
	06/20/96 to 06/30/96	11	6,753,122	74,284,342		
	07/01/96 to 07/14/96	14	6,744,351	94,420,914		
	07/15/96 to 07/15/96	1	6,741,451	6,741,451		
	07/16/96 to 07/31/96	16	6,736,451	107,783,216		
			366		2,491,159,853	

6,806,448

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

443

6,806,891

Year End	Period	Number of Days	Number of Shares Outstanding	Weighted Shares	Average Shares-(Weighted Shares)Number of Days As Adjusted	
July 31, 1995	08/01/94 to 08/08/94	8	6,951,822	55,614,576		
	08/09/94 to 02/28/95	204	6,949,822	1,417,763,688		
	03/01/95	1	6,946,922	6,946,922		
	03/02/95	1	6,945,922	6,945,922		
	03/03/95 to 03/05/95	3	6,943,922	20,831,766		
	03/06/95	1	6,942,722	6,942,722		
	03/07/95	1	6,936,522	6,936,522		
	03/08/95 to 03/09/95	2	6,934,822	13,869,644		
	03/10/95 to 03/13/95	4	6,932,822	27,731,288		
	03/14/95	1	6,932,322	6,932,322		
	03/15/95	1	6,931,322	6,931,322		
	03/16/95 to 03/19/95	4	6,929,822	27,719,288		
	03/20/95	1	6,928,822	6,928,822		
	03/21/95	1	6,928,322	6,928,322		
	03/22/95	1	6,927,822	6,927,822		
	03/23/95	1	6,927,322	6,927,322		
	03/24/95 to 03/26/95	3	6,911,322	20,733,966		
	03/27/95 to 07/31/95	127	6,901,322	876,467,894		
			365	2,530,080,130	6,931,726	

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

4,249

6,935,975

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

Year End	Period	Number of Days	Number of Shares Outstanding	Weighted Shares	Average Shares-(Weighted Shares)Number of Days As Adjusted
July 31, 1994	08/01/93 to 08/02/93	2	6,991,285	13,982,570	
	08/03/93 to 08/11/93	9	6,991,285	62,921,565	
	08/12/93 to 08/15/93	4	6,993,827	27,975,308	
	08/16/93 to 08/23/93	8	6,993,827	55,950,616	
	08/24/93 to 09/02/93	10	6,995,174	69,951,740	
	09/03/94 to 09/14/93	12	6,995,638	83,947,656	
	09/15/93 to 09/19/93	5	6,996,416	34,982,080	
	09/20/93 to 09/21/93	2	6,997,041	13,994,082	
	09/22/93 to 09/29/93	8	6,998,121	55,984,968	
	09/30/93 to	4	6,993,121	27,972,484	

10/03/93				
10/04/93 to	14	6,988,121	97,833,694	
10/17/93				
10/18/93 to	1	6,983,121	6,983,121	
10/18/93				
10/19/93 to	6	6,978,121	41,868,726	
10/24/93				
10/25/93 to	4	6,978,972	27,915,888	
10/28/93				
10/29/93 to	3	6,980,823	20,942,469	
10/31/93				
11/01/93 to	2	6,980,821	13,961,642	
11/02/93				
11/03/93 to	1	6,980,871	6,980,871	
11/03/93				
11/04/93 to	5	6,981,827	34,909,135	
11/08/93				
11/09/93 to	14	6,983,722	97,772,108	
11/22/93				
11/23/93 to	4	6,983,872	27,935,488	
11/26/93				
11/27/93 to	2	6,984,316	13,968,632	
11/28/93				
11/29/93 to	1	6,988,551	6,988,551	
11/29/93				
11/30/93 to	3	6,993,160	20,979,480	
12/02/93				
12/03/93 to	35	6,994,198	244,796,930	
01/06/94				
01/07/94 to	3	6,995,338	20,986,014	
01/09/94				
01/10/94 to	14	6,997,473	97,964,622	
01/23/94				
01/24/94 to	57	6,998,285	398,902,245	
03/21/94				
03/22/94 to	43	6,999,966	300,998,538	
04/30/94				
05/04/94 to	27	6,999,966	188,999,082	
05/30/94				
05/31/94 to	1	6,999,066	6,999,066	
05/31/94				
06/01/94 to	6	6,997,866	41,987,196	
06/06/94				
06/07/94 to	1	6,996,666	6,996,666	
06/07/94				
06/08/94 to	1	6,996,466	6,996,466	
06/08/94				
06/09/94 to	5	6,983,466	34,917,330	
06/13/94				
06/14/94 to	1	6,976,866	6,976,866	
06/14/94				
06/15/90 to	6	6,971,666	41,829,996	
06/20/94				
06/21/94 to	20	6,971,822	139,436,440	
07/10/94				
07/11/94 to	3	6,961,822	20,885,466	
07/13/94				
07/14/94 to	18	6,951,822	125,132,796	
07/31/94				
	365		2,551,508,593	6,990,435

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

20,289

7,010,724

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

Average

Year End	Period	Number of Days	Number of Shares Outstanding	Weighted Shares	Shares- (Weighted Shares) Number of Days As Adjusted	
July 31, 1993	08/01/92 to 08/09/92	9	6,992,793	62,935,137		
	08/10/92 to 08/23/92	14	6,993,845	97,913,830		
	08/24/92 to 11/30/92	99	6,993,859	692,392,041		
	12/01/92 to 12/03/93	3	6,998,547	20,995,641		
	12/04/92 to 12/15/93	12	6,999,619	83,995,428		
	12/16/92 to 01/04/93	20	7,001,911	140,038,220		
	01/05/93 to 01/06/93	1	7,002,061	7,002,061		
	01/06/93 to 01/13/93	8	7,002,379	56,019,032		
	01/14/93 to 02/04/93	22	7,003,291	154,072,402		
	02/05/93 to 02/16/93	12	7,003,575	84,042,900		
	02/17/93 to 02/18/93	1	7,005,696	7,005,696		
	02/18/93 to 02/25/93	8	7,003,696	56,029,568		
	02/26/93 to 03/18/93	21	6,995,696	146,909,616		
	03/19/93 to 04/01/93	14	6,996,996	97,957,944		
	04/02/93 to 04/12/93	11	6,997,830	76,976,130		
	04/13/93 to 04/18/93	6	6,987,830	41,926,980		
	04/19/93 to 05/19/93	31	6,989,219	216,665,789		
	05/20/93 to 07/13/93	55	6,989,797	384,438,835		
	07/14/93 to 07/25/93	12	6,990,729	83,888,748		
	07/26/93 to 07/31/93	6	6,991,285	41,947,710		
			365	2,553,153,708	6,994,942	

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

36,174

7,031,116

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

Year End	Period	Number of Days	Number of Shares Outstanding	Weighted Shares	Average Shares- (Weighted Shares) Number of Days As Adjusted
July 31, 1992	08/01/91 to 08/12/91	12	7,012,370	84,148,440	
	08/13/91 to 08/20/91	8	7,002,370	56,018,960	
	08/21/91 to 08/22/91	2	6,992,370	13,984,740	
	08/23/91 to 09/12/91	21	6,992,891	146,850,871	

09/13/91 to 12/12/91	91	6,995,091	636,553,281
12/13/91 to 01/23/92	42	6,996,075	293,835,150
01/24/92 to 01/30/92	7	6,989,409	48,925,863
01/13/93 to 02/04/92	5	6,989,379	34,946,895
02/05/92 to 03/95/92	30	6,991,379	209,741,370
03/06/92 to	148	6,992,793	1,034,933,364
	366		2,559,938,934
			6,994,369

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

31,931

7,026,300

Financial Highlights

	1996	1995	Change
Net Sales	\$153,786,754	\$152,899,109	+0.6%
Income from Operations	\$6,115,233	\$12,841,947	-52.4%
Income before Income Taxes	\$4,783,402	\$11,147,425	-57.1%
Net Income	\$3,374,257	\$8,002,828	-57.8%
Net Income per Share	\$ 0.50	\$ 1.15	-56.5%
Net Income as a Percentage of Sales	2.2%	5.2%	-3.0%
Return on Average Stockholders' Equity	4.3%	10.6%	-6.3%
Working Capital	\$30,398,649	\$33,074,318	-8.1%
Stockholders' Equity	\$77,229,496	\$78,338,383	-1.4%
Book Value per Share	\$11.46	\$11.35	+1.0%
Average Shares Outstanding	6,806,891	6,935,975	-1.9%
Dividends Declared	\$2,022,205	\$2,046,644	-1.2%
Capital Expenditures	\$7,184,337	\$7,032,064	+2.2%
Depreciation and Amortization	\$7,925,806	\$7,808,496	+1.5%
Long-Term Debt	\$18,978,000	\$20,422,265	-7.1%

SALES TRENDS

(millions of dollars)

	1996	1995	1994	1993	1992
Consumer Products	\$ 82.6	\$ 82.9	\$ 77.0	\$ 73.3	\$ 65.2
Industrial and Environmental Products	17.2	18.9	19.9	19.0	19.1
Agrisorbents Products	19.9	16.6	18.3	18.4	14.9
Fluids Purification Products	12.6	13.0	13.2	10.1	6.1
Foreign Subsidiaries	11.9	12.2	11.2	12.4	11.0
Transportation Services	9.6	9.3	7.5	7.7	8.3
	\$153.8	\$152.9	\$147.1	\$140.9	\$124.6

Land Holdings & Mineral Reserves

	Owned (acres)	Leased (acres)	Claims (acres)	Total (acres)	Proven Reserves (1,000's of tons)
Georgia	1,484	1,804	-	3,288	44,305
Mississippi	2,134	1,423	-	3,557	130,358

Oregon	1,260	-	1,580	2,840	36,833
Florida	537	446	-	983	4,512
Nevada	-	-	598	598	23,316
Illinois	4	-	-	4	-
	5,419	3,673	2,178	11,270	239,324

Consumer Products

Fiscal 1996 was Oil-Dri's Year of the Cat. The cat litter category is an important and growing consumer products area. Demographic trends continue to influence the increasing popularity of cats as pets and total retail cat litter sales are expected to reach \$1 billion by the year 2001.

The introduction of the Cat's Pride Premium Scoopable Stretch Jug and the Kat Kit were a great success. The Stretch Jug leverages a significant competitive advantage provided by our low-density product. Each jug contains 40% more volume than leading competitive scoopable products in the same weight jug. The Kat Kit is a unique disposable cat tray made of 100% recycled plastic that contains Cat's Pride Premium cat litter. Consumers simply use it for a week and then discard it; there's no cleaning, deodorizing or mess.

The company's dollar share of the branded cat litter market increased dramatically during the year. The investments made in marketing and advertising have paid off in a stronger brand franchise.

Industrial & Environmental Products

The Oil-Dri brand has been the leading name in industrial cleanup for over 55 years. Industrial and Environmental products include both traditional clay floor absorbents and Oil-Dri Lite sorbents. Oil-Dri Lite products are highly absorptive, light-weight, non-clay materials. They come in a variety of configurations and have different absorptive characteristics. Oil-Dri Lite sorbents skim oil spills from water in marine applications and, more commonly, soak up leaks and spills in industrial and automotive settings.

Innovations in products and packaging deliver benefits to customers. The new Oil-Dri Premium Floor Absorbent combines the best of Oil-Dri's quality floor absorbents with a new polybag. The stronger packaging will reduce damage during shipping and handling and allow higher stacking, conserving valuable warehouse space. The waterproof polybag can also be stored outside.

Oil-Dri is the only supplier that provides the well-known Oil-Dri Floor Absorbents and a selection of non-clay sorbents for a comprehensive line of cleanup products.

Agrisorbents Product Group

The Agrisorbents Product Group delivers a variety of products to the agricultural industry. Agsorb carriers are sold to crop protection chemical manufacturers like DowElanco, DuPont and Zeneca. These carriers are used to distribute herbicides, fungicides, insecticides and fertilizers to agricultural fields.

ConditionAde is an animal feed additive which helps blend feed ingredients without the usual stickiness and mess. This increases feed pellet production by allowing the feed extruders to run more smoothly, lowering energy costs and improving feed pellet durability. Flo-Fre absorbent microgranules and Pel-Unite pelleting aid are also sold to the animal health and nutrition market.

Terra-Green is used in a variety of sports turf and horticultural applications. Thousands of tiny pores in each Terra-Green granule absorb water, storing it for release into soils as they need it. The durability of each granule also helps prevent compaction of soil, opening up airways and water passages for improved root zone growth.

Fluids Purification Product Group

Used in the refining and purifying of sunflower, soybean, canola, palm and many other oils, Pure-Flo bleaching clays offer process benefits to refiners all over the world including ADM and Kraft Food Ingredients. The

Fluids Purification Group has customers in over 60 countries and continues to expand its worldwide sales.

Two new products introduced during the year, Perform and Select, offer performance advances to refiners and deliver enhanced margins. The Perform products are the next generation of bleaching clays, providing increased activity for hard-to-bleach oils. The Select line of products is used earlier in the process stream to remove a variety of impurities from edible oils. Select can also be used to replace an expensive water wash step in the caustic refining of edible oils.

Oil-Dri has recently completed construction of a manufacturing facility engineered to produce these innovative new products. We believe that the quality and efficacy of Perform and Select will exceed the expectations of our customers.

Dick Jaffee
Chairman and Chief Executive Officer

Fiscal 1996 was a year of transition and renewal. Dan Jaffee and the other new members of our management group worked with our seasoned Oil-Dri managers to create a team that will lead us into the future. The year was also characterized by some outstanding successes and some significant disappointments.

During the past year, our consumer business successfully launched two new Cat's Pride products. Favorite Products, our Canadian subsidiary, also continued to deliver solid performance and expand sales of our Saular cat box products, the leading brand name in our Canadian market.

In our specialty products areas, the Agrisorbents Product Group broke sales and profit records; the Industrial and Environmental Division delivered a positive contribution to the bottom line, a significant reverse of last year's loss; and our Fluids Purification business demonstrated sales progress, particularly in some of our international markets.

Net sales for the year ended July 31, 1996, were \$153,787,000, up slightly from last year's sales of \$152,899,000. Net income was \$3,374,000, off 58% from the \$8,003,000 earned a year ago. Net income per share was \$0.50 versus last year's \$1.15. Earnings were negatively impacted by an after tax charge of \$0.10 per share associated with settlement of patent litigation.

Consumer Products

As anticipated, the launch of the new Cat's Pride Kat Kit and Stretch Jug required approximately \$6,500,000 in marketing and advertising support. While the expenditures reduced earnings in the past year, the investment has paid off with considerable gains in sales and distribution for our Cat's Pride brand. The success of the launch is particularly gratifying in light of the increased competition in the cat box filler category.

Unfortunately, the estimated \$10,000,000 in sales generated by our new products were largely offset by reduced sales to Sam's Club, our primary warehouse club account.

On the positive side, during the fourth quarter Sam's reinstated our Cat's Pride Premium and added our Cat's Pride Scoopable in approximately 70% of their stores. They are evaluating various product offerings in the cat box filler category, and, at the time of this report, we are enjoying renewed volume.

Specialty Products

Despite a 9% reduction in sales, the Industrial and Environmental Division made a positive contribution to the bottom line, a significant reversal over last year's performance. Increased focus on profitability, rationalization of our product line and consolidation of the divisional functions in Alpharetta, Georgia paid off handsomely during the year.

The Agrisorbents Product Group had a wonderful year. Record sales of our Agsorb products and expansion into animal health and nutrition and turf markets increased overall divisional sales by 20%.

Monsanto Agricultural Company acknowledged the superior quality of our products and services with the Monsanto Quality Supplier Award for the fourth time in six years. Given to only a handful of the thousands of suppliers that work with Monsanto, it is a distinct honor.

Our Fluids Purification Group successfully expanded business geographically, particularly in Latin America, Asia, Africa and Europe. Also, two new products were introduced during the year. Select products remove soaps, metals and phospholipids from edible oils during the refining process. Use of Select can also eliminate an expensive water wash treatment, a cost advantage for caustic refiners.

Perform products, manufactured in a new processing facility at our Georgia plant, deliver performance benefits that will open up additional market niches in the edible oil refining market.

Operations and Transportation

Fiscal 1996 was a very good year for the support functions of the company. Manufacturing continued to run environmentally responsible and safe operations. Capital expenditures were \$7,184,000, versus depreciation and amortization charges of \$7,926,000. We had record outputs in mining and shipments and we also expanded our base of mineral reserves.

Oil-Dri Transportation delivered on its mission to ensure on-time deliveries at affordable costs and to support our customer service requirements. Additionally, the group reduced overall transportation costs by expanding their backhaul business with outside customers.

The Logistics, Quality and Service team helped distinguish Oil-Dri in each of our markets as a supplier that is flexible and responsive to customer needs. Customer service and information management systems have seen significant improvement.

Research and development activities, including technical service, were provided by our team of scientists and technicians in Vernon Hills, Illinois. They continue to play an important role in our existing markets as well as in the identification of potential markets.

Financial

Our balance sheet remains strong with a current ratio of 2.7. Additionally, fiscal 1996 was an outstanding year for generating cash. Balances of cash and investments were \$11,708,000 at July 31, 1996, an increase of 4.9% in spite of spending \$2,434,000 for the repurchase of 167,000 shares of Oil-Dri stock. Dividend payout was \$2,015,000 and \$1,145,000 was used to reduce debt.

In the last few years, the company has repurchased 300,000 shares of Oil-Dri stock. At its meeting in June, the Board of Directors authorized a new share repurchase program for an additional 400,000 shares. If we complete this repurchase program and add another 400,000 shares to the treasury, we will have reduced the total outstanding shares by 10%.

With Thanks

I would like to recognize and thank Norman B. Gershon who served on our Board of Directors for 20 years. While continuing in his capacity as Vice President of European Operations and Managing Director of Oil-Dri, S.A., Nick did not stand for re-election to the board this past December.

Bruce Sone, after 35 years with the Company, has chosen to retire as of August 1, 1996. In addition to his work in expanding our consumer business, Bruce served as a director for 16 years. Bruce's contributions to the development of Oil-Dri and the building of its management team are greatly appreciated.

Ronald Gordon joined the Oil-Dri Board of Directors this year. Ron has many years of experience in consumer packaged goods and we are grateful to have the benefit of his counsel.

The Year Ahead

We look forward to fiscal 1997 as a year in which we will spend less on advertising and see our investment in the consumer market deliver increased sales and profits. Reduced capital requirements should continue to generate cash, and a Company-wide cost reduction program will focus everyone's attention on profitability. We also anticipate another record year from the Agrisorbents Products Group and we hope to see continued progress in the profitable development of the Industrial and Environmental and Fluids Purification Groups.

Sincerely,

Dan Jaffee
President and Chief Operating Officer

We at Oil-Dri are focusing our efforts on building the teams, brands and profits that will combine to increase our shareholder value. Building is the most critical component of our vision because it conveys our intention to systematically and methodically work our way towards our end result creating shareholder value. To build anything properly, you need a blend of the right materials, good blueprints and, most importantly, talented individuals to execute the plan.

Between 1983 and 1993, my father led a team of talented, highly-motivated people through a dynamic period of Company growth. During this eleven year period, net sales grew from \$34 million to \$141 million; a compound annual growth rate of 14%. Net income exploded, growing from \$1.1 million to \$9.4 million; a compound annual growth rate of 22%. Most impressive was our stock price. Adjusted for all splits, it was selling for \$1.69 per share on July 31, 1982. On the same date, eleven years later, the stock was selling for \$24.50 per share.

I see a real similarity between where we were at the start of that growth period in 1982 and where we are today. The catalyst behind that growth was focusing senior managers on creating shareholder value over the long-term. The vehicle to motivate these managers was the 1981 Incentive Stock Option Plan. When used correctly, stock options provide an ideal tool for bringing together the interests of both the shareholders and the senior leaders of the business.

The option plan that you, the shareholders, voted into place a year ago is giving me the device I need to build a successful team of managers. It has been instrumental in attracting and retaining extremely talented individuals. In the following pages of this annual report, you will be introduced to many of the people who are critical to the success I am confident we are going to achieve. You will see that we have a nice blend of seasoned Oil-Dri veterans and energetic newcomers who learned their trade at highly successful, sophisticated companies like Miles, Inc., Alberto-Culver and Amoco. The common thread is that all are proven winners who see the opportunity to make the next ten to fifteen years the defining period of their careers. The stock options will once again join your interests with ours, as these managers focus on building our business and creating shareholder value.

I once asked Ned Jannotta, a long-time board member and mentor, what Oil-Dri needed to do to get our stock price back where it belonged. Did we need to more aggressively market our stock? Should we be courting analysts to follow our performance? What was the key? His answer was profound in its simplicity. Ned told me, Dan, you need to deliver predictably outstanding earnings growth on a long-term basis, and the rest will take care of itself. Our business managers know that the sum of our parts equals our whole. Their challenge is to grow their businesses profitably. Each and every unit needs to deliver on its own annual plan and the rest will fall into line.

Each unit has a powerful blend of a strong team, the highest quality products and unparalleled service. All of these combine to satisfy the demanding needs of our customers. We must leverage these strengths and deliver new products to our existing customers and existing products to new customers. The growth opportunities facing our business are endless, our challenge is to determine which opportunities will deliver value to our shareholders over the long-term.

The end of fiscal 1996 marks the completion of our first year of getting Oil-Dri back on our historic path of growth. We accomplished many things and, in a number of ways, we are in a better position today than we were at the outset of the year, as evidenced by the achievements referenced in the letter from our chairman. Additionally, the entire Oil-Dri team has never been stronger.

Let's analogize our business to running an NCAA Division I football program and you, the shareholders, are the alumni association. Your new head coach finishes his first full season with three wins and eight defeats. In the ensuing two seasons his team wins two, loses nine and then wins three, loses seven and ties one. Do you start cheering for a different school or do you hang onto your season tickets (shares of stock) because you know the team has been getting stronger even though their record has not reflected progress?

If you opted to change teams, you gave up a year too soon. However, if you chose to stick with the program, you just found your team in Pasadena. This scenario is not hypothetical. The head coach is Gary Barnett and the school is Northwestern University. In Mr. Barnett's fourth year as head coach, his Wildcats had ten victories and only one defeat on their way to the Rose Bowl.

The point of this analogy is to illustrate that building a winning team takes time. We have a good program at Oil-Dri and only recently have suffered more defeats than we would like. We are blessed with a strong and talented team of players throughout the organization. Each of our business units is focused on building its teams, brands and profits to get us back to our old winning ways. Fiscal 1997 will be the year to clearly demonstrate that we are on the right track. We need to balance our aggressiveness in taking advantage of opportunities that are right in front of us with the necessity to deliver at the bottom line.

Sincerely,

Mike Goldberg
Vice President & Chief Financial Officer

As the newest member of the Oil-Dri management group, I have been given the opportunity to be part of a team that is striving to build a stronger company for the future. The philosophy of our team is clear - we are here for the long-term. We must set financial goals to help build sustainable and profitable businesses that will reward both our shareholders and employees.

Last year we began the process of building a stronger finance department that can better analyze the cost structure of the Company and develop tools to improve the Company's financial planning and reporting capabilities. As a result, the Company is better positioned today to financially plan for its future than at any time in its history.

The strengths of the finance department are treasury management, its ability to analyze and develop alternative financing opportunities and its ability to develop solutions to internal and external financial reporting issues. Future focus will be on understanding more clearly the cost drivers in each individual business unit, delivering the financial data that will help our business managers run their units and providing the financial tools needed to plan and measure each group's performance. We must continually ask ourselves if everything we do improves our chance to grow the business or profits. At the same time, we must ensure that adequate controls are in place to safeguard the Company's assets and work towards maintaining those assets at optimum levels.

Richard Hardin
Group Vice President, Technology

Product innovations continue to increase sales and market opportunities at Oil-Dri. My responsibilities involve fostering effective communication between sales and marketing and research and development (R&D). This ensures that we focus our efforts on creating the most effective match of our resources and our opportunities to establish a market fit.

A drive to innovate and a sound understanding of the marketplace, filtered through a screen of common sense and a thorough knowledge of our resource base, are the basics for identifying new applications and opportunities.

The strongest part of our research program is the team of people. They bring an outstanding base of education and experience to our effort. Our researchers are highly responsive to our business units and clearly able to communicate research results and their implications for the business.

During the past year, R&D was very responsive to the product support and product improvement needs of our business units. This resulted in better control of our quality, product performance advances, improved profit margins and new products.

In the next few years, my most important contribution to the company will be to help establish a corporate-driven commitment and mechanism for defining new product application goals. The ongoing challenge is to allocate our valuable R&D resources in a manner that ensures a healthy stream of new innovations without compromising technical support of our existing products.

Jim Davis
Vice President, Manufacturing

Our ability to locate, mine, process and sell mineral products to consumer, agricultural, industrial, environmental and fluid purification markets is exceptional. In addition to the marketing of such diverse products, there are complicated manufacturing, engineering, exploration, mining, environmental and health and safety issues. Oil-Dri has been in this business for over half a century and has the greatest supply of quality reserves in the industry. While we have some very reputable competition in the markets in which we compete, I feel confident that none of these companies can match our experience and know how.

During fiscal 1996, we reduced costs, improved environmental compliance procedures, delivered better product quality and increased worker safety. Emphasis on worker safety is good for our employees and our bottom line. We had a 46% decrease in worker's compensation claims in the last year. All of our plants met environmental compliance regulations and, by working with the Mississippi Department of Environmental Quality, we were able to implement a program that will deliver a cost saving of more than \$200,000. We also played a role in the development of new products and processes, which ultimately deliver more profitability to the company and its shareholders.

The vertical integration of Oil-Dri is one of the elements that has driven our success. Because we control all aspects of our production, we are in a position to control our destiny and deliver the best possible products at the lowest possible cost.

Tom Cofsky
Vice President, Logistics, Quality and Service

As a support group, Logistics, Quality and Service (LQS) adds value by keeping our customers satisfied. This involves providing courteous service and furnishing accurate and meaningful information as we strive to make doing business with Oil-Dri simple and pleasurable. Additionally, LQS has helped increase employee productivity through systems improvements. This allows us to handle more business without adding staff.

In the last year, LQS kept expenses below plan while keeping our information systems running and delivering excellent service to our customers. Qualitative successes included increasing the involvement of our customer service representatives with the business teams. They are now participating and contributing at a higher level. Additionally, many small steps were taken to improve our information systems and problem resolution processes. With each small improvement we have made it easier for people to do their jobs and we have taken action to prevent problems that impact our profitability and our customers' satisfaction.

My philosophy is not to accept things as they are, but to focus on what they could or should be. Seeing the positive impact of quality improvements, both at the customer level and at the profit level, is very motivating. Our corporate dedication to continuous improvement gives each individual team member the power to say, We could do this better.

Steve Levy
Vice President and General Manager, Consumer Products

Oil-Dri's management team has the confidence required to make decisions that provide for the longer-term success of the entire business rather than focusing exclusively on delivering short-term results. This has allowed us to begin building a brand franchise and a more dominant position in the cat box filler category.

Our two new Cat's Pride products have generated \$10 million in net sales. These items helped drive retail sales in our grocery and mass merchandiser accounts. IRI data that reflects the last six months of our fiscal year shows retail sales of the Cat's Pride brand up 27%, greatly exceeding category growth of 4%.

These gains in new product sales helped offset revenue declines of approximately \$7 million in our largest wholesale club account.

Unquestionably, there is more value in diversification. New sales of our Cat's Pride products were spread across a much broader customer base. The continued diversification of our customers and our branded product offerings will provide Oil-Dri and its shareholders with more reliable performance.

Building our brand franchise also allows us to work toward the company's goal of building profits. Both products introduced in 1996 have higher gross profit margins than the divisional average. These higher margins will justify marketing support and deliver more profits.

Jim Van Vliet
 Director of Marketing, Consumer Products

Introductions of the Cat's Pride Scoopable Stretch Jug and Kat Kit required significant investment spending during the year. This product launch has improved our retail position and increased our presence in the grocery trade, which represents 70% of total U.S. cat litter sales. In a time of category consolidation, the Cat's Pride franchise is the only cat litter brand showing substantial retail growth. Despite constant competitive pressure, investment in our brand franchise has delivered a substantial return as indicated by IRI data coinciding with our fiscal year end:

Total U.S. Grocery
 12 week period ended 7/14/96

Dollar Sales % Change vs. Year Ago	Dollar Share of Category	Dollar Share Pt. Change	ACV Weighted Pt. Distribution	Distribution Change Vs. Year Ago
+42.6%	6.1%	+1.8	56.1%	+10.6

The new Cat's Pride products are not me too products easily duplicated by our competition. As the fourth largest marketer of branded cat box filler products, innovation is mandatory. It allows us to provide consumers with both quality and value. Our challenge is to leverage our proven track record as the innovator in the category and fill the marketing pipeline with new product ideas or the next great marketing innovation. We must be faster, smarter and more creative than the competition.

Peter Collins
 Director of Grocery Sales, Consumer Products

In today's fast-paced world of information and technology, the manufacturers and retailers that are going to survive in the consumer market are the ones that can effectively manage the enormous amount of market data, condense it, and most importantly interpret it to deliver value to the retailer.

This data and an unbiased evaluation of consumer trends are demanded by retailers. Oil-Dri Corporation of America is in a position to deliver this information as well as the new product innovations that consumers want.

Consolidation has brought some large competitors into the cat box filler market, but none of them have the same single-minded focus we deliver to this category. We have the best quality reserves, the most sophisticated research and highly innovative products.

This past year, the sales force expanded sales into new markets and increased sales in our core markets by leveraging the new Cat's Pride products. In the last three months of fiscal 1996, our dollar share of the \$488 million retail grocery market increased 43%, and our ACV weighted distribution increased 23%.

For the new year, I have identified with each salesperson three major business initiatives within their territories that, if successfully executed, will deliver strong sales and profit growth. My goal is to keep the sales plan simple, focused and deliverable.

Daniel Jones
Vice President, Favorite Products, Ltd.

Favorite Products, a wholly-owned subsidiary of Oil-Dri, supplies our Canadian markets with quality cat litter products under the brand names Saular and Cat's Pride. The Saular brand has had a very strong presence in the Quebec market for many years and our goal is to expand upon this success in other Canadian markets. Favorite also sells industrial and environmental products in Canada.

The consumer business is focused on our most profitable and value-added products; Saular Kat Kit, Saular Scoopable Plus and Saular Plus. The Saular brand in the Quebec grocery market is very strong, with a 51% dollar share. The A.C. Nielson report for the 52 weeks ended July 20, 1996, illustrates the growth of our premium products. Saular Kat Kit increased sales 41% over the prior year and Saular Plus was up 15%, while the category remained flat.

Building long-term partnerships with our customers and assuring that the products we offer increase category profitability while meeting the needs and wants of consumers is vital. Innovative, value-added products are the trademark of Oil-Dri and Favorite Products and they have been the growth drivers for our business in Quebec. By adapting these programs for other markets, we plan to build the Saular brand in the rest of Canada.

Chuck Boland
General Manager, Agrisorbents Product Group

Understanding a customer's decision-making process requires knowing as much about their business as they do. It requires a level of relationship well beyond the traditional buyer-seller structure. This understanding must be used to deliver innovations that increase the value and satisfaction delivered by Oil-Dri's agricultural products and services. Focus on customer needs will also provide opportunities to grow sales of existing products and create line extensions.

In the crop protection market we are recognized for quality products and services. As we expand further into animal health and nutrition and turf and ornamental applications, we can leverage the processing and technical expertise acquired in the crop protection industry.

During the past year, strong demand from our customers allowed us to take advantage of earlier investments in plant and marketing infrastructures.

Looking forward, we will identify new products and applications driven by customer needs. The animal health and nutrition and the turf and ornamental markets are growing in real terms and we have strengths in marketing, R&D and logistics that can be leveraged. We are well positioned to bring value-added products to the sophisticated buyers in these markets.

Wade Bradley
General Manager, Industrial & Environmental Product Group

Our divisional challenge has been to improve profitability, restructure for more efficiency and identify opportunities for future growth. This year we achieved our financial plan, delivered a contribution to the company, reorganized the sales team based on targeted selling and distribution and identified two solid market opportunities for growth.

Our position as the only supplier of a complete product line of clay floor absorbents and non-clay sorbents is a major advantage. Other advantages include our corporate capabilities such as management information services and logistics. Oil-Dri has leveraged these and other internal capabilities to service the needs of companies such as Wal-Mart, ADM and Monsanto. We can learn from these successes and use the lessons to service the customers in our industry.

We have also identified opportunities in the automotive and hardware market. We are in the process of developing a family of products for use in homes and garages. This line will build on the Oil-Dri brand name, the professional's choice for over 55 years, and deliver quality products to consumers as well as professionals.

Our mission is to be customer focused, profit driven and the leading U.S. supplier of a comprehensive line of sorbent products and services.

Fielden Fraley
General Manager, Fluids Purification Group

Individual efforts directed towards shared goals and objectives enable a team to meet its potential and deliver the best possible performance. The Fluids Purification Group has built a very effective team that is focused on expanding sales of our products on a worldwide basis.

Our success to date has come from identifying customer needs and delivering products, some unique to the market, that improve processes and products. We are fast and flexible. Knowledge of our markets, and the capabilities of our raw materials allow us to recognize growth opportunities.

The competitive nature of the global marketplace demands continuous improvement of our products. During the third quarter of fiscal 1996, we introduced two new products for the oils and fats refining industry. These products represent technical improvements and will deliver more profitability. Our new manufacturing facility in Georgia will optimize our unique processing methods and deliver future product innovations.

We hold a significant share of the market in North America, Latin America and Asia. The goal of our team is to be the number one supplier of fluids purification products to the industries and markets we serve on a global basis. We must achieve this growth in the most profitable way we can in order to deliver value to our customers and our shareholders.

Steve Azzarello
Commercial Manager, Latin America

Current trends are leading toward a truly global market. Technology has made doing business all over the world not only possible but profitable. Oil-Dri products fit into many markets outside the United States. We are already doing business in over 60 countries, primarily with our fluids purification products. The opportunity also exists to present some of our other value-added products to these markets.

Business in Latin America increased 32% in the last year while expenses remained flat. These increases in sales and profitability are evidence of the shareholder value we are delivering from overseas markets. Oil-Dri's challenge will be to develop strategies which address language and cultural differences as well as the needs of the customers in each target market.

Sales of fluids purification products have the potential to continue double digit growth in Latin America. Training outside agents to sell these and other Oil-Dri products will increase our efficiency in these distant markets, but we can't forget the value of firsthand experience. As the novelist John le Carre wrote, A desk is a dangerous place from which to view the world.

In 1986...

Gone With the Wind, by Margaret Mitchell, turned 50. The novel, which sold 25,000,000 copies in its first half century, hit the best seller list once again.

The space shuttle Challenger exploded, prompting renewed debate on the U.S. space program.

The Statue of Liberty celebrated its 100th birthday in New York City. The centennial celebration included a parade of ships from all over the world and the relighting of the torch by President Reagan.

The Oreo cookie marked its 75th year.

And at Oil-Dri...

The Company reported record sales of \$52,841,000.

Cat box absorbents represented 22% of net sales.

The Company acquired 100% ownership interest in Favorite Products Company, Ltd. of Montreal, Quebec.

The Company acquired the Georgia South Plant to meet increased customer demand for cat litter and floor absorbents.

Pure-Flo bleaching clays and Ultra-Clear clarification aids were introduced to the fluid purification market.

Five Year Summary of Financial Data

SUMMARY OF OPERATIONS	Year Ended July 31		
	1996	1995	1994
Net Sales	\$153,786,754	\$152,899,109	\$147,146,793
Cost of Sales	107,729,770	108,268,431	102,456,815
Gross Profit	46,056,984	44,630,678	44,689,978
Selling, General and			
Administrative Expenses*	39,941,751	31,788,731	30,261,701
Income from Operations	6,115,233	12,841,947	14,428,277
Other Income (Expense)			
Interest Income	586,623	448,268	440,796
Interest Expense	(1,916,569)	(1,921,261)	(1,751,839)
Foreign Exchange (Losses)	(6,693)	(5,463)	3,009
Gains			
Amortization of Goodwill	(131,160)	(132,048)	(132,001)
Other, Net	135,968	(84,018)	171,142
Total Other Expense, Net	(1,331,831)	(1,694,522)	(1,268,893)
Income before Income Taxes	4,783,402	11,147,425	13,159,384
Income Taxes	1,409,145	3,144,597	3,307,184
Net Income	\$3,374,257	\$8,002,828	\$9,852,200
Average Shares Outstanding	6,806,891	6,935,975	7,010,724
Net Income per Share	\$0.50	\$1.15	\$1.41
Important Highlights			
Total Assets	\$117,692,868	\$116,987,683	\$112,267,182
Long-Term Debt	\$18,978,000	\$20,422,265	\$21,521,243
Working Capital	\$30,398,649	\$33,074,318	\$29,337,449
Working Capital Ratio	2.7	3.1	3.0
Capital Expenditures	\$7,184,337	\$7,032,064	\$13,559,232
Depreciation and			
Amortization	\$7,925,806	\$7,808,496	\$6,798,038
Long-Term Debt to Equity Ratio	24.6%	26.1%	29.5%
Net Income as a Percent of			
Net Sales	2.2%	5.2%	6.7%
Return on Average			
Stockholders' Equity	4.3%	10.6%	14.1%
Gross Profit as a Percent of			
Net Sales	29.9%	29.2%	30.4%
Sales			
Operating Expenses as a			
Percent of Net Sales	26.0%	20.8%	20.6%

1993 1992

\$140,866,110 \$124,584,756

97,396,563	85,116,335
43,469,547	39,468,421
29,420,831	28,835,931
14,048,716	10,632,490
451,519	514,756
(1,728,817)	(1,884,166)
(87,655)	63,471
(131,799)	(131,079)
(298,485)	15,198
(1,795,237)	(1,421,820)
12,253,479	9,210,670
2,833,837	2,110,262
\$9,419,642	\$7,100,408
7,031,116	7,026,300
\$1.34	\$1.01
\$102,116,632	\$95,017,573
\$17,765,941	18,831,133
\$26,043,415	\$24,358,769
2.7	2.8
\$9,158,173	\$8,039,979
5,834,854	5,407,341
26.7%	31.6%
6.7%	5.7%
14.9%	12.4%
30.9%	31.7%
20.9%	23.1%

Management's Discussion and Analysis of
Financial Condition and Results of Operations

Results of Operations
Fiscal 1996 Compared to Fiscal 1995

Consolidated net sales for the year ended July 31, 1996, were \$153,787,000, an increase of 0.6% over net sales of \$152,899,000 in fiscal 1995. Net income for fiscal 1996 was \$3,374,000 or \$0.50 per share, decreasing 57.8% from net income of \$8,003,000 or \$1.15 per share in fiscal 1995.

Net sales of industrial and environmental sorbents, consisting of clay and

non-clay products, decreased \$1,615,000 or 8.6% from prior year levels due to decreased unit shipments of both clay and non-clay products. Net sales of industrial clay products fell \$557,000 or 4.2% from prior year levels. Net sales of non-clay sorbents decreased \$1,058,000 or 19.8%, reflecting increased competition in the markets in which the Company participates and a refocused sales and marketing effort towards higher margin products. Net sales of cat box absorbents decreased \$363,000 or 0.5% below fiscal 1995 levels. Although the Company expanded dollar share in the grocery and mass merchandiser markets, these market share gains were offset by the decline in sales to the Company's largest club account, Sam's Club, due to the introduction of a private label scoopable litter that replaced the Company's branded scoopable product in a substantial number of Sam's stores. Although the Company's branded cat litter products were reintroduced into Sam's stores during the fourth quarter, continued distribution is not assured. Net sales of agricultural carriers and absorbents increased \$3,257,000 or 19.6% from the prior fiscal year due to increased unit shipments caused by increased planting acreage. Net sales of fluids purification adsorbents decreased \$362,000 or 3.0% from fiscal 1995 due primarily to competitive pressures and continued sluggish demand in certain of the Company's markets. Sales of transportation services increased \$357,000 or 3.8% from fiscal 1995 levels due to increased backhaul revenue.

Consolidated gross profit as a percentage of net sales increased to 29.9% of net sales in fiscal 1996 from 29.2% in fiscal 1995. This increase was principally due to a greater portion of net sales being generated in the agricultural market and net sales of higher value products in the grocery market. Additionally, cost increases for packaging and fuel in fiscal 1995 have moderated in fiscal 1996.

Operating expenses as a percentage of net sales increased to 26.0% of net sales in fiscal 1996 from 20.8% of net sales in fiscal 1995. This increase includes \$6.5 million for promotional and advertising programs associated with new product introductions. Also included in operating expenses is a charge of \$921,000 reflecting the settlement of a patent infringement action in the second quarter of fiscal 1996.

Interest expense remained unchanged in fiscal 1996. Increased interest-bearing deferred compensation balances offset reductions in the balance of current and long-term notes payable. Interest income increased \$138,000 from fiscal 1995 due to higher invested balances.

The Company's effective income tax rate increased to 29.5% in fiscal 1996 from 28.2% in the prior fiscal year. This change is a result of two factors: lower domestic income subject to depletion allowances and a greater percentage of total income earned in higher tax jurisdictions. The provision for income tax expense for the fourth quarter and year ended July 31, 1995 includes a charge of \$263,000 reflecting a change in the estimated amounts of depletion deductions and temporary differences between financial reporting and tax reporting for the year ended July 31, 1994.

Total assets of the Company increased \$705,000 or 0.6% during the year ended July 31, 1996. Current assets decreased \$535,000 or 1.1% from prior fiscal year-end balances due to lower accounts receivable and prepaid income taxes.

Property, plant and equipment, net of accumulated depreciation and amortization, decreased \$1,247,000 or 2.1% due primarily to depreciation expense exceeding capital expenditures by \$563,000 and the sale of fixed assets with a net book value totaling \$646,000. Investments in property, plant and equipment included expenditures for increased productivity, capacity enhancements, pollution control and equipment upgrades.

As of July 31, 1996, the Company has invested approximately \$752,000 in Kamterter, Inc., a company that researches and applies biotechnology in the agricultural field. This investment, recorded at cost, represents a 13% equity interest in Kamterter. During the year ended February 29, 1996, and in subsequent interim periods, Kamterter has generated operating profits. While the Company believes that Kamterter's prospects have improved, Kamterter's future financial condition and results of operation cannot be predicted.

Total liabilities increased \$1,814,000 or 4.7% in the year ended July 31, 1996 due primarily to increased accounts payable, deferred compensation and income taxes payable.

Expectations

The Company anticipates increased sales in fiscal 1997. Sales of branded cat box absorbents are expected to increase as new product introductions gain incremental distribution in the grocery and mass merchandise markets. However, this overall sales growth is subject to continuing competition for shelf space in the grocery, mass merchandiser and club markets. Investment in the Company's consumer product launch is in line with original budgets, and the Company expects the profitability of these products to favorably impact earnings as spending on advertising and promotion returns to more normal levels in fiscal 1997. High crop prices and strong export demand indicate that the market for the Company's agricultural products will remain strong in the foreseeable future. In fluids purification, a new manufacturing facility will provide higher performance products, including Perform and Select, which are expected to compete more effectively in the market. The Company is going through an intensive review of its entire cost structure, with a goal of significantly reducing costs.

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

In fiscal 1996, the current ratio decreased to 2.7 from 3.1 as of July 31, 1995. Working capital decreased \$2,676,000 or 8.1% for the year ended July 31, 1996. Cash provided by operations continues to be the Company's primary source of funds to finance operating activities and capital expenditures. In fiscal 1996 net cash flows from operating activities increased 1.2% to \$12,469,000. This cash was used to fund capital expenditures of \$7,184,000, pay Company dividends of \$2,015,000 and repurchase shares of the Company's stock at a cost of \$2,434,000. The Company may continue to repurchase its Common Stock from time to time. As of July 31, 1996, total consolidated cash and investments were \$11,708,000, up 4.9% from \$11,162,000 as of July 31, 1995. Of this amount, balances held by the Company's foreign subsidiaries as of July 31, 1996 and 1995 were \$1,594,000 and \$3,296,000, respectively.

The Company's long-term debt as of July 31, 1996 decreased \$1,444,000 or 7.1% from fiscal 1995 balances, primarily due to scheduled debt repayments. Long-term debt to equity decreased to 24.6% from 26.1% as of July 31, 1995.

The Company's line of credit arrangements are discussed in Note 3 to the consolidated financial statements. During the year ended July 31, 1996, there were no borrowings under the line of credit. Management believes that funds generated from operations and available borrowing capacity are adequate to meet the Company's cash needs for fiscal 1997.

Fiscal 1995 Compared to Fiscal 1994

Consolidated net sales for the year ended July 31, 1995 were \$152,899,000, an increase of 3.9% over net sales of \$147,147,000 in fiscal 1994. Net income for fiscal 1995 was \$8,003,000 or \$1.15 per share, decreasing 18.8% from net income of \$9,852,000 or \$1.41 per share in fiscal 1994. Fiscal 1995 and prior year's net sales reflected a reclassification of trade marketing costs to selling expenses. This classification is commonly used by companies in consumer products industries and reflects the Company's continued and planned growth in this area. Trade marketing costs were previously classified as a reduction of revenues. The reclassification increased sales, gross profits and selling expenses, each by the same amount, and had no effect on reported income from operations, net income or net income per share. The reclassification primarily affected reported sales of the consumer division.

Sales increases were primarily the result of increased unit shipments and slightly increased average sales per unit due to changes in product sales mix. Net sales of industrial and environmental sorbents, consisting of clay and non-clay products, decreased \$1,043,000 or 5.2% from prior year levels due to decreased unit shipments of clay products. Net sales of industrial clay products fell \$611,000 or 4.3% from prior year levels. Sales of non-clay sorbents decreased \$432,000 or 7.5%, reflecting increased competition in the markets in which the Company participates. Net sales of cat box absorbents increased \$5,871,000 or 7.6% above fiscal 1994 levels. This growth was driven by unit sales increases of private label litters in the mass merchandising distribution channel and increased grocery market penetration. Net sales of agricultural carriers and absorbents decreased \$1,719,000 or 9.4% from the prior fiscal year due to decreased unit shipments caused by reduced planting, inventory carryover and higher chemical loading of crop protection products. Net sales of fluids purification adsorbents remained flat versus fiscal 1994. The high quality of domestic crude vegetable oils and adverse growing conditions in certain foreign markets reduced consumption of the Company's bleaching earth products. Sales of transportation services increased \$1,825,000 or 24.3% from fiscal 1994 levels due to increased fleet size and backhaul revenue.

Consolidated gross profit as a percentage of net sales decreased to 29.2% of net sales in fiscal 1995 from 30.4% in fiscal 1994. This decrease was principally due to increased packaging and shipping costs and a shift in product mix in the consumer business towards private label litters.

Operating expenses as a percentage of net sales increased slightly to 20.8% of net sales in fiscal 1995 from 20.6% of net sales in fiscal 1994. This change reflected management's continued focus on controlling overhead costs while expanding sales and marketing efforts.

Interest expense increased \$169,000 due to higher average debt outstanding, and interest income remained substantially unchanged in fiscal 1995.

The Company's effective income tax rate increased to 28.2% of income in fiscal 1995 from 25.1% in the prior fiscal year. The provision for income tax expense for the fourth quarter and year ended July 31, 1995, included a charge of \$263,000 reflecting a change in the estimated amounts of depletion deductions and temporary differences between financial reporting and tax reporting for the year ended July 31, 1994.

Total assets of the Company increased \$4,721,000 or 4.2% during the year ended July 31, 1995. Current assets increased \$4,383,000 or 9.9% from prior fiscal year-end balances due to higher accounts receivable and prepaid balances. Inventory balances decreased, primarily because a capacity expansion at the Company's Ripley, Mississippi facility was completed, reducing overall inventory needs.

Property, plant and equipment, net of accumulated depreciation and amortization, decreased \$784,000 or 1.3%. Investments in property, plant and equipment included expenditures for increased productivity, capacity expansion, pollution control, and equipment upgrades.

As of July 31, 1995, the Company had invested approximately \$717,000 in Kamterter, Inc., a company that researches and applies biotechnology in the agricultural field. This investment, recorded at cost, represents a 14% equity interest in Kamterter. During the year ended February 28, 1995, and in recent interim periods, Kamterter began to generate operating profits. While the Company believes that Kamterter's prospects have improved, Kamterter's future financial condition and results of operation cannot be predicted.

Total liabilities decreased \$558,000 or 1.4% in the year ended July 31, 1995 due primarily to debt reduction.

Foreign Subsidiaries

Net sales by foreign subsidiaries during fiscal 1996 were \$11,892,000 constituting 7.7% of net sales. This amount represents a decrease of \$356,000 from fiscal 1995, in which foreign net sales were \$12,248,000 and constituted 8.0% of net sales. The decrease in foreign subsidiary sales resulted primarily from reduced sales in the United Kingdom due to lower demand for the Company's animal nutrition products. Net income of the Company's foreign subsidiaries during fiscal 1996 was \$554,000, as compared with \$763,000 in fiscal 1995. Identifiable assets of the Company's foreign subsidiaries as of July 31, 1996, were \$9,036,000, a decrease of \$535,000 from fiscal 1995 year-end balances.

Net sales made by the Company's foreign subsidiaries for the year ended July 31, 1995, were \$12,248,000, constituting 8.0% of net sales. This amount represented an increase of \$1,000,000 from fiscal 1994, in which foreign subsidiary sales were \$11,248,000 and constituted 7.6% of net sales. This increase in foreign subsidiary sales resulted from increased market share in Canadian cat litter markets and price increases at the Company's United Kingdom subsidiary. Net income of the Company's foreign subsidiaries during fiscal 1995 was \$763,000, as compared to \$403,000 in fiscal 1994. The identifiable assets of the Company's foreign subsidiaries as of July 31, 1995, were \$9,571,000, a slight decrease from fiscal 1994 year-end balances.

Consolidated Statements of Financial Position

	1996	July 31 1995
ASSETS		
Current Assets		
Cash and cash equivalents (Note 1)	\$10,113,544	\$8,829,667
Investment securities, at cost, which approximates market	1,594,000	2,332,665
Accounts receivable Less allowance for doubtful accounts	20,666,623 (225,970)	21,529,168 (180,602)
Inventories (Note 1)	11,737,068	10,917,099
Prepaid expenses	4,325,061	5,317,169
Total Current Assets	48,210,326	48,745,166
Property, Plant and Equipment, at Cost (Notes 1 and 3)		
Buildings and leasehold improvements	15,666,801	15,335,526
Machinery and equipment	78,918,785	76,721,765
Office furniture and equipment	8,181,596	7,831,961
Vehicles	119,622	117,906
	102,886,804	100,007,158
Less accumulated depreciation and amortization	(54,730,624)	(47,498,516)
Construction in progress	48,156,180	52,508,642
Land and mineral rights	4,024,354	1,289,855
Total Property, Plant and Equipment, Net	6,031,888	5,660,898
	58,212,422	59,459,395
Other Assets		
Goodwill (Net of accumulated amortization of \$1,204,564 in 1996 and \$1,073,404 in 1995) (Note 1)	4,172,526	4,304,286
Deferred income taxes (Note 4)	2,264,291	484,324
Other	4,833,303	3,994,512
Total Other Assets	11,270,120	8,783,122
Total Assets	\$117,692,868	\$116,987,683

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

	1996	JULY 31 1995
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Current maturities of notes payable (Note 3)	\$1,626,762	\$1,097,976
Accounts payable	5,338,787	4,710,251
Income taxes payable	691,106	-
Dividends payable	519,610	511,166
Accrued expenses		
Salaries, wages and commissions	1,970,422	2,362,102
Trade promotions and advertising	4,188,756	4,272,740
Freight	711,513	747,042
Other	2,764,721	1,969,571
Total Current Liabilities	17,811,677	15,670,848

Noncurrent Liabilities

Notes payable (Note 3)	18,978,000	20,422,265
Deferred compensation (Note 5)	2,253,313	1,778,075
Other	1,420,382	778,112
Total Noncurrent Liabilities	22,651,695	22,978,452
Total Liabilities	40,463,372	38,649,300

Stockholders' Equity

Common and Class B Stock (Note 6)	723,552	723,352
Paid-in capital in excess of par value	7,660,600	7,657,394
Retained earnings	77,385,514	76,033,462
Cumulative translation adjustments		
(Note 1)	(1,018,416)	(987,781)
	84,751,250	83,426,427
Less treasury stock, at cost (Note 6)	(7,521,754)	(5,088,044)
Total Stockholders' Equity	77,229,496	78,338,383
Total Liabilities and Stockholders' Equity	\$117,692,868	\$116,987,683

Consolidated Statements of Income

	1996	1995	Year Ended July 31 1994
Net Sales	\$153,786,754	\$152,899,109	\$147,146,793
Cost of Sales	107,729,770	108,268,431	102,456,815
Gross Profit	46,056,984	44,630,678	44,689,978
Selling, General and Administrative Expenses	39,941,751	31,788,731	30,261,701
Income from Operations	6,115,233	12,841,947	14,428,277
Other Income (Expense)			
Interest income	586,623	448,268	440,796
Interest expense	(1,916,569)	(1,921,261)	(1,751,839)
Foreign exchange (losses) gains	(6,693)	(5,463)	3,009
Amortization of goodwill (Note 1)	(131,160)	(132,048)	(132,001)
Other, net	135,968	(84,018)	171,142
Total Other Expense, Net	(1,331,831)	(1,694,522)	(1,268,893)
Income before Income Taxes	4,783,402	11,147,425	13,159,384
Income Taxes (Note 4)	1,409,145	3,144,597	3,307,184
Net Income	\$3,374,257	\$8,002,828	\$ 9,852,200
Average Shares Outstanding (Note 6)	6,806,891	6,935,975	7,010,724
Net Income Per Share (Note 6)	\$0.50	\$1.15	\$1.41

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

Consolidated Statements of Stockholders' Equity

	Shares		Amount
	Common	Class B	
Balance, July 31, 1993	5,008,086	2,173,755	\$718,184
Net income	-	-	-
Dividends declared	-	-	-
Issuance of stock under option plans (Note 7)	50,641	-	5,064
Awards of stock to employees	1,036	-	104
Reissuance of treasury shares	-	-	-
Conversion of Class B Stock to Common Stock (Note 6)	40,860	(40,860)	-
Balance, July 31, 1994	5,100,623	2,132,895	723,352
Net income	-	-	-
Dividends declared	-	-	-
Conversion of Class B Stock to Common Stock (Note 6)	18,201	(18,201)	-
Balance, July 31, 1995	5,118,824	2,114,694	723,352
Net income	-	-	-
Dividends declared	-	-	-
Conversion of Class B Stock to Common Stock (Note 6)	72,326	(72,326)	-
Issuance of stock under 1995 Long Term Incentive Plan (Note 7)	2,000	-	200
Balance, July 31, 1996	5,193,150	2,042,368	\$723,552

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

Paid-In Capital In Excess of Par Value	Retained Earnings
\$ 6,962,104	\$62,031,814
- -	9,852,200
- -	(1,806,736)
673,988	-
20,916	-
386	-
-	-
7,657,394	70,077,278
- -	8,002,828
- -	(2,046,644)
-	-
7,657,394	76,033,462
- -	3,374,257
- -	(2,022,205)
- -	-

3,206

\$7,660,600 \$77,385,514

Consolidated Statements of Cash Flows

	Year Ended July 31		
	1996	1995	1994
Cash Flows from Operating Activities			
Net income	\$ 3,374,257	\$ 8,002,828	\$ 9,852,200
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	7,925,806	7,808,496	6,798,038
Deferred income taxes	(1,791,247)	(575,130)	(944,905)
Provision for bad debts (Increase) decrease in	202,690	51,013	4,744
Accounts receivable	692,363	(1,680,287)	(1,502,865)
Inventories	(838,308)	319,844	(3,186,879)
Prepaid expenses and taxes	1,190,548	(1,608,299)	(1,114,801)
Other assets Increase (decrease) in	(830,161)	(960,720)	(474,637)
Accounts payable	636,215	774,083	(916,395)
Income taxes payable	456,708	-	-
Accrued expenses	332,842	(32,319)	627,825
Deferred compensation	475,238	16,257	381,872
Other	642,270	201,428	300,336
Total Adjustments	9,094,964	4,314,366	(27,667)
Net Cash Provided by Operating Activities	12,469,221	12,317,194	9,824,533
Cash Flows from Investing Activities			
Capital expenditures	(7,184,337)	(7,032,064)	(13,559,232)
Proceeds from disposition of property, plant and equipment	923,437	-	-
Purchases of investment securities	(167,000)	(3,691,201)	(11,750,654)
Dispositions of investment securities	906,283	4,722,543	13,910,258
Other	(267,693)	159,709	399,295
Net Cash Used in Investing Activities	(5,789,310)	(5,841,013)	(11,000,333)
Cash Flows from Financing Activities			
Principal payments on long-term	(1,145,479)	(1,244,481)	(743,834)

debt			
Proceeds from issuance of long-			
term	230,000	-	5,000,000
debt			
Proceeds from issuance of			
Common	-	-	700,458
Stock			
Dividends paid	(2,015,383)	(1,983,291)	(1,804,002)
Purchase of treasury stock	(2,433,710)	(825,475)	(1,894,762)
Other	(31,462)	12,418	1,025
Net Cash (Used in)			
Provided by Financing	(5,396,034)	(4,040,829)	1,258,885
Activities			
Net Increase in Cash and			
Cash Equivalents	1,283,877	2,435,352	83,085
Cash and Cash Equivalents,			
Beginning of Year	8,829,667	6,394,315	6,311,230
Cash and Cash Equivalents, End of	\$10,113,544	\$8,829,667	\$6,394,315
Year			

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

Notes to Consolidated Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of Oil-Dri Corporation of America and its wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated from the consolidated financial statements.

No provision has been made for possible income taxes which may be paid on the distribution of approximately \$9,796,000 and \$9,129,000 as of July 31, 1996 and 1995, respectively, of the retained earnings of foreign subsidiaries, as substantially all such amounts are intended to be indefinitely invested in these subsidiaries or no additional income taxes would be incurred when such earnings are distributed. It is not practicable to determine the amount of income taxes or withholding taxes that would be payable upon the remittance of assets that represent those earnings.

Management Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Revenues from sales of products and transportation services are recognized upon shipment.

Income Taxes

Deferred income taxes reflect the impact of temporary differences between the assets and liabilities recognized for financial reporting purposes and amounts recognized for tax purposes.

Interest Rate Derivative Instruments

An interest rate swap agreement is utilized in the management of interest rate exposure.

Interest differentials on the swap contract (Note 3) are recorded as interest expense in the contract period incurred. The Company recognized additional interest expense of \$58,100, \$58,900 and \$98,300 in fiscal years 1996, 1995 and 1994, respectively, as a result of this contract.

Reclassification

Certain items in prior year financial statements have been reclassified to conform to the presentation used in fiscal 1996.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Translation of Foreign Currencies

Assets and liabilities of foreign subsidiaries, where the local currency is the functional currency, are translated at the exchange rates in effect at period end. Income statement items are translated at the average exchange rate on a monthly basis. Resulting translation adjustments are recorded as a separate component of stockholders' equity.

Changes in the cumulative translation adjustments account are as follows:

	1996	1995	1994
Balance, at beginning of year	\$(987,781)	(1,135,951)	\$(901,783)
Translation adjustments resulting from			
exchange rate changes and intercompany transactions	(30,635)	148,170	(234,168)
Balance, at end of year	\$(1,018,416)	\$(987,781)	\$(1,135,951)

Cash Equivalents

Cash equivalents are highly liquid investments with maturities of three months or less when purchased.

Inventories

The composition of inventories is as follows:

	1996	1995
Finished goods	\$ 6,728,150	\$ 6,849,536
Bags	3,754,087	2,575,259
Supplies	1,018,304	1,272,443
Fuel oil	236,527	219,861
	\$11,737,068	\$10,917,099

Inventories are valued at the lower of cost (first-in, first-out) or market.

Concentration of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash investments and accounts receivable. The Company places its cash investments in government backed instruments, both foreign and domestic, and with other high quality institutions. Concentrations of credit risk with respect to accounts receivable are subject to the financial condition of certain major customers, principally the customer referred to in Note 2. The Company generally does not require collateral to secure customer receivables.

Property, Plant and Equipment

Property, plant and equipment expenditures are generally depreciated using the straight-line method over their estimated useful lives as follows:

	Years
Buildings and leasehold improvements	5-30
Machinery and equipment	3-15
Office furniture and equipment	2-10
Vehicles	2-8

Notes to Consolidated Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Research and Development

Research and development costs of \$2,026,000 in 1996, \$1,826,000 in 1995 and \$1,875,000 in 1994 were charged to expense as incurred.

Acquisitions

The excess of the Company's original investment over the fair value of the net assets acquired at the date of acquisition is being amortized by the straight-line method over 40 years.

Advertising Costs

The Company defers recognition of advertising production costs until the first time the advertising takes place; other advertising costs are expensed as incurred.

Fair Value of Financial Instruments

Non-derivative financial instruments included in the consolidated

statements of financial position are cash and cash equivalents, investment securities and notes payable. These instruments, except for notes payable, were carried at amounts approximating fair value as of July 31, 1996. The fair value of notes payable was estimated based on future cash flows discounted at current interest rates available to the Company for debt with similar maturities and characteristics. The fair value of notes payable as of July 31, 1996, exceeded its carrying value by approximately \$600,000.

Stock Options

The Company has completed an initial review of Statement of Financial Accounting Standards No. 123 (SFAS 123), Accounting for Stock-Based Compensation, which will become effective for the 1997 fiscal year. As is permitted under SFAS 123, the Company has decided to continue accounting for employee stock compensation under the rules of Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees, but will disclose pro forma results using the SFAS 123 alternative accounting method.

Net Income per Share and Common Share Equivalents

Net income per share and common share equivalents are computed based upon the weighted average number of shares outstanding during each year and includes outstanding options, when dilutive.

NOTE 2 - BUSINESS AND GEOGRAPHIC REGION INFORMATION

Nature of Business

The Company is a leader in developing, manufacturing and marketing sorbent products for consumer, industrial, environmental, agricultural and fluids purification markets. The Company operates within a single segment. The Company has operations in the United States, Canada and the United Kingdom and exports goods worldwide.

The Company had net sales in excess of 10% of total net sales to one unaffiliated customer in 1996, 1995 and 1994. Accounts receivable related to this major customer amounted to \$4,905,000, \$5,083,000 and \$4,845,000 as of July 31, 1996, 1995 and 1994, respectively.

Notes to Consolidated Financial Statements

NOTE 2 - BUSINESS AND GEOGRAPHIC REGION INFORMATION

Nature of Business (Continued)

The net sales to this customer were as follows:

	1996	1995	1994
	(Thousands of Dollars)		
Amount	\$39,916	\$40,884	\$35,848
Percent of net sales	26%	27%	24%

The following is a summary of financial information by geographic region:

	FISCAL YEAR ENDED JULY 31		
	(Thousands of Dollars)		
	1996	1995	1994
Sales to unaffiliated customers:			
Domestic	\$141,895	\$140,651	\$135,899
Foreign subsidiaries	11,892	12,248	11,248
Sales or transfers between geographic areas:			
Domestic	\$ 5,039	\$ 4,067	\$ 3,891
Income before income taxes:			
Domestic	\$ 3,920	\$ 10,094	\$ 12,257
Foreign subsidiaries	863	1,053	902
Net Income:			
Domestic	\$ 2,820	\$ 7,240	\$ 9,449
Foreign subsidiaries	554	763	403
Identifiable assets:			
Domestic	\$108,657	\$107,417	\$102,659
Foreign subsidiaries	9,036	9,571	9,608

Notes to Consolidated Financial Statements

NOTE 3 - NOTES PAYABLE

The composition of notes payable is as follows:

	1996	1995
Town of Blue Mountain, Mississippi		
Principal payable on October 1, 2008.		
Interest payable monthly at a variable interest rate set weekly based on market conditions for similar instruments. The average rates were 3.98% and 4.00% in fiscal 1996 and fiscal 1995, respectively. Payment of these bonds by the Company is guaranteed by a letter of credit issued by Harris Trust and Savings Bank. In May 1991, the Company entered into a seven-year interest rate swap contract. Under this agreement, the Company receives a floating interest rate based on LIBOR and pays interest at a fixed		

rate of 6.53%.

\$2,500,000 \$2,500,000

Teachers Insurance and Annuity Association of America Payable in annual principal installments on November 15; \$1,500,000 in fiscal 1997; \$1,800,000 in fiscal 1998; \$1,200,000 in fiscal 2000; \$1,100,000 in fiscal 2001; and \$1,000,000 in fiscal 2002. Interest is payable

semiannually at an annual rate of 9.38%.

6,600,000 7,100,000

Teachers Insurance and Annuity Association of America Payable in annual principal installments, on August 15; \$500,000 in fiscal 2002; \$1,000,000 in fiscal 2003; \$2,500,000 in fiscal 2004; and \$2,500,000 in fiscal 2005. Interest is payable semiannually at an annual

rate of 7.17%.

6,500,000 6,500,000

Harris Trust and Savings Bank

Payable in annual principal installments, on June 20; \$1,950,000 in fiscal 1999; \$900,000 in fiscal 2000; \$650,000 in fiscal years 2001 and 2002; and \$350,000 in fiscal 2003. Interest is payable quarterly at an

annual rate of 7.78%.

4,500,000 5,000,000

Other

504,762 420,241

20,604,762 21,520,241

Less current maturities of notes payable

(1,626,762) (1,097,976)

\$18,978,000 \$20,422,265

Notes to Consolidated Financial Statements

NOTE 3 - NOTES PAYABLE (Continued)

During fiscal 1995, the Company executed a Credit Agreement with Harris Trust and Savings Bank which replaced the Term Note Agreement dated April 20, 1994. In addition to providing continued term financing, the Credit Agreement provides for a \$5,000,000 committed unsecured revolving line of credit which expires on August 1, 1999, at certain short-term rates. In July 1996, the Company entered into a \$10,000,000 unsecured line of credit agreement with Harris Trust and Savings Bank. This line of credit provides for either floating rate or fixed rate borrowing through May 31, 1997. During fiscal 1996, no borrowings were made against either line.

The agreements with the Town of Blue Mountain, Mississippi, Teachers Insurance and Annuity Association of America and Harris Trust and Savings Bank impose working capital requirements, dividend and financing limitations, minimum tangible net worth requirements and other restrictions. The Company's Credit Agreement with Harris Trust and Savings Bank indirectly restricts dividends by requiring the Company to maintain tangible net worth, as defined, in the amount of \$50,000,000 plus 25% of cumulative annual earnings from July 31, 1994.

In prior years, the Town of Blue Mountain, Mississippi issued long-term bonds to finance the purchase of substantially all of the assets of certain plant expansion projects and leased the projects to the Company and various of its subsidiaries (with the Company and various of its wholly owned subsidiaries as guarantors) at rentals sufficient to pay the debt service on the bonds.

The following is a schedule by year of future maturities of notes payable as of July 31, 1996:

Year Ending July 31:

1998	\$1,926,000
1999	2,076,000
2000	2,226,000
2001	1,750,000
2002	2,150,000
Later years	8,850,000

\$18,978,000

Notes to Consolidated Financial Statements

NOTE 4 - INCOME TAXES

The provision for income tax expense consists of the following:

	1996	1995	1994
Current			
Federal	\$2,284,869	\$2,756,283	\$3,221,911
Foreign	332,127	292,664	163,897
State	583,396	670,780	866,281
	3,200,392	3,719,727	4,252,089
Deferred			
Federal	(340,572)	(535,093)	(855,699)
Operating loss carryforward	(1,367,991)	-	-
Foreign	(22,709)	(2,142)	1,153
State	(59,975)	(37,895)	(90,359)
	(1,791,247)	(575,130)	(944,905)
Total Income Tax Provision	\$1,409,145	\$3,144,597	\$3,307,184

The provision for income tax expense for the fourth quarter and year ended July 31, 1995, includes a charge of \$263,000 reflecting a change in the estimated amounts of depletion deductions and temporary differences between financial reporting and tax reporting for the year ended July 31, 1994.

Notes to Consolidated Financial Statements

NOTE 4 - INCOME TAXES (Continued)

Principal reasons for variations between the statutory federal rate and the effective rates were as follows:

	1996	1995	1994
U.S. federal statutory income tax rate	34.00%	34.00%	34.00%
Depletion deductions allowed for mining	(27.57)	(12.24)	(12.48)
State income taxes, net of federal tax benefit	6.78	5.68	4.42
Valuation allowance without income tax benefit	18.61	-	-
Difference in effective tax rate of foreign subsidiaries	(0.11)	(0.61)	(0.16)
Other	(2.25)	1.38	(0.65)
	29.46%	28.21%	25.13%

The consolidated balance sheets as of July 31, 1996 and 1995, included the following tax effects of cumulative temporary differences:

	1996		1995	
	Assets	Liabilities	Assets	Liabilities
Depreciation	\$ -	\$1,528,266	\$ -	\$1,552,223
Deferred Compensation	844,992	-	689,893	-
Postretirement Benefits	356,656	-	218,406	-
Trade Promotions and Advertising	269,200	-	179,662	-
Accrued Expenses	408,986	-	377,368	-
Tax Credits	398,576	-	470,206	-
Operating Loss Carryforward	2,257,958	-	-	-
Other	146,156	-	101,012	-
Subtotal	4,682,524	1,528,266	2,036,547	1,552,223
Valuation Allowance	(889,967)	-	-	-
Total Deferred Taxes	\$3,792,557	\$1,528,266	\$2,036,547	\$1,552,223

The valuation allowance represents operating loss carryforwards not anticipated to be utilized. As of July 31, 1996, for federal income tax purposes there were regular tax operating loss carryforwards of approximately \$5,816,000 which expire in the year 2011. A valuation allowance has been established for \$889,967 of the deferred tax benefit related to those loss carryforwards for which it is considered more likely than not the benefit will not be realized.

NOTE 5 - DEFERRED COMPENSATION

In December 1995, the Company adopted the Oil-Dri Corporation of America Deferred Compensation Plan. Deferrals are no longer being made under the original plan, The Oil-Dri Corporation of America Key Employee and Directors Deferred Compensation Plan. The new plan permits Directors and certain management employees to defer portions of their compensation and earn interest on the deferred amounts. The compensation, which has been deferred since the inception of the original plan, has been accrued as well as interest thereon. The Company has purchased life insurance contracts on some participants to partially fund the original plan. The new plan is unfunded.

Notes to Consolidated Financial Statements

NOTE 6 - STOCKHOLDERS' EQUITY

On December 13, 1994, the stockholders of the Company approved an amendment to the Company's Certificate of Incorporation authorizing 30,000,000 shares of a new class of common stock, par value \$.10, which has been designated as Class A Common Stock, in addition to the currently authorized 15,000,000 shares of Common Stock and 7,000,000 shares of Class B Stock, each with a par value of \$.10. There are no Class A shares currently outstanding.

The Common Stock and Class B Stock are equal, on a per share basis, in all respects except as to voting rights, conversion rights, cash dividends and stock splits or stock dividends. The Class A Common Stock is equal, on a per share basis, in all respects, to the Common Stock except as to voting rights and stock splits or stock dividends. In the case of voting rights, Common Stock is entitled to one vote per share and Class B Stock is entitled to ten votes per share, while Class A Common Stock generally has no voting rights. Common Stock and Class A Common Stock have no conversion rights. Class B Stock is convertible on a share-for-share basis into Common Stock at any time and is subject to mandatory conversion under certain circumstances.

Common Stock is entitled to cash dividends, as and when declared or paid, equal to 133 1/3% on a per share basis of the cash dividend paid on Class B Stock. Class A Common Stock is entitled to cash dividends on a per share basis equal to the cash dividend on Common Stock. Additionally, while shares of Common Stock, Class A Common Stock and Class B Stock are outstanding, the sum of the per share cash dividend paid on shares of Common Stock and Class A Common Stock, must be equal to at least 133 1/3% of the sum of the per share cash dividend paid on Class B Stock and Class A Common Stock. See Note 3 regarding dividend restrictions.

Shares of Common Stock, Class A Common Stock and Class B Stock are equal in respect of all rights to dividends (other than cash) and distributions in the form of stock or other property (including stock dividends and split-ups) in each case in the same ratio except in the case of a Special Stock Dividend. The Special Stock Dividend, which can be issued only once, is either a dividend of one share of Class A Common Stock for each share of Common Stock and Class B Stock outstanding or a recapitalization, in which half of each outstanding share of Common Stock and Class B Stock would be converted into a half share of Class A Common Stock.

All per share amounts included in the financial statements and notes reflect the dilutive effect of all common share equivalents. See Note 7 for information regarding common share equivalents.

In June 1996, the Board of Directors of the Company authorized the repurchase, from time to time, of up to 400,000 shares of the Company's stock. This authorization, in addition to previous authorizations, total 700,000 shares. As of July 31, 1996, 337,337 shares have been repurchased under these authorizations.

NOTE 6 - STOCKHOLDERS' EQUITY (Continued)

The following reflects the changes in treasury stock (Common) over the last three years:

	Shares	Amount
Balance, July 31, 1993	190,556	\$2,367,807
Purchased during fiscal 1994	91,190	1,895,364
Reissued during fiscal 1994	(50)	(602)
Balance, July 31, 1994	281,696	4,262,569
Purchased during fiscal 1995	50,500	825,475
Balance, July 31, 1995	332,196	5,088,044
Purchased during fiscal 1996	166,871	2,433,710
Balance, July 31, 1996	499,067	\$7,521,754

NOTE 7 - STOCK OPTION PLANS

The Company instituted the Oil-Dri Corporation of America 1995 Long Term Incentive Plan during the fiscal year ended July 31, 1996. The Plan was approved by the stockholders of the Company at the annual meeting on December 12, 1995. All shares of stock awarded under the 1995 Plan will be Class A Common Stock, except that, if there is no Class A Common Stock issued or publicly traded on a securities exchange when such awards are exercised, the shares awarded would be Common Stock. The Plan provides for various types of awards. During the fiscal year ended July 31, 1996, 2,000 shares of restricted stock, which vest on May 1, 1998, were issued under the Plan.

The Oil-Dri Corporation of America 1988 Stock Option Plan terminated on December 12, 1995, for purposes of future grants. The outstanding options under this plan will remain outstanding and exercisable in accordance with their respective terms.

The 1981 Oil-Dri Corporation of America Stock Option Plan expired on October 31, 1991. No options were outstanding as of July 31, 1996.

Notes to Consolidated Financial Statements

NOTE 7 - STOCK OPTION PLANS (Continued)

A summary of option transactions under the plans follows:

	1981 Option Plan Number of Shares (Weighted Average Option Price)			1988 Option Plan Number of Shares (Weighted Average Option Price)		
	1996	1995	1994	1996	1995	1994
	Outstanding, Beginning of Year	-	-	61,150 \$(10.80)	267,409 \$(18.66)	138,659 \$(19.61)
Granted	-	-	-	-	197,250 \$(19.22)	4,000 \$(23.00)
Exercised	-	-	29,515 \$(10.80)	-	-	21,126 \$(17.05)
Canceled/Terminated	-	-	31,635 \$(10.80)	16,500 \$(19.13)	68,500 \$(22.21)	3,000 \$(19.00)
Outstanding, End of Year	-	-	-	250,909 \$(18.63)	267,409 \$(18.66)	138,659 \$(19.61)

	1995 Option Plan Number of Shares (Weight ed Average Option Price) 1996
Outstanding, Beginning of Year	-
Granted	199,000 \$(14.93)
Exercised	-
Canceled/Terminated	4,000 \$(15.13)
Outstanding, End of Year	195,000 \$(14.92)

The Company has reserved 303,000 shares of Common Stock for future grants and issuances under the Oil-Dri Corporation of America 1995 Long Term Incentive Plan.

As of July 31, 1996, a total of 147,509 options are exercisable under the 1988 Option Plan. No options are exercisable under the Oil-Dri Corporation of America 1995 Long Term Incentive Plan as of July 31, 1996.

	Combined Plans		
	Number of Shares		
	(Weighted Average Option Price)		
	1996	1995	1994
Outstanding, Beginning of Year	267,409	138,659	219,935
	\$(18.66)	\$(19.61)	\$(16.84)
Granted	199,000	197,250	4,000
	\$(14.93)	\$(19.22)	\$(23.00)
Exercised	-	-	50,641
	-	-	\$(13.41)
Canceled/Terminated	20,500	68,500	34,635
	\$(18.34)	\$(22.21)	\$(11.51)
Outstanding, End of Year	445,909	267,409	138,659
	\$(17.00)	\$(18.66)	\$(19.61)

NOTE 8 - EMPLOYEE BENEFIT PLANS

The Company and its subsidiaries have defined benefit pension plans for eligible salaried and hourly employees. Benefits are based on a formula of years of credited service and levels of compensation or stated amounts for each year of credited service. The assets of these plans are invested in various high quality marketable securities.

The net periodic pension cost for the years ended July 31, 1996, 1995 and 1994, consists of the following:

	1996	1995	1994
Service cost	\$349,232	\$326,650	\$325,626
Interest cost on projected benefit obligations	426,730	384,901	358,027
(Earnings) losses on plan assets	(561,276)	(836,171)	80,058
Net amortization and deferral	153,900	495,586	(422,948)
Net pension cost	\$368,586	\$370,966	\$340,763

Notes to Consolidated Financial Statements

NOTE 8 - EMPLOYEE BENEFIT PLANS (Continued)

The funded status of the plans at July 31 is as follows:

	1996	1995
Actuarial Present Value of Benefit Obligations		
Accumulated Benefit Obligations		
Vested	\$4,329,417	\$4,076,780
Nonvested	457,959	491,222
Total Accumulated Benefit Obligations	\$4,787,376	\$4,568,002
Projected Benefit Obligations	\$6,287,994	\$5,989,916
Plan Assets at Fair Value	5,706,087	5,334,851
Deficiency of Plan Assets Over Projected Benefit Obligations	(581,907)	(655,065)
Unrecognized Net Gain	(626,115)	(197,423)
Unrecognized Prior Service Cost	574,726	614,402
Unrecognized Net Excess Plan Assets as of August 1, 1987 Being Recognized Principally Over 21 Years	(317,800)	(344,424)
Adjustment Required to Recognize Minimum Liability	(91,161)	(183,547)
Accrued Pension Included in Noncurrent Liabilities - Other	\$(1,042,257)	\$(766,057)

Assumptions used in the previous calculations are as follows:

	1996	1995
Discount rate	7.50%	7.25%
Rate of increase in compensation levels	5.00%	5.00%
Long-term expected rate of return on assets	8.00%	8.00%

Notes to Consolidated Financial Statements

NOTE 8 - EMPLOYEE BENEFIT PLANS (Continued)

The Company has funded the plans based upon actuarially determined contributions that take into account the amount deductible for income tax purposes and the minimum contribution required under the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

For the years ended July 31, 1996, 1995 and 1994, the Company maintained a profit sharing/401(k) savings plan under which the Company matches a portion of employee contributions. The plan is available to essentially all domestic employees who have completed one year of continuous service and are at least 21 years of age. The Company's contributions to this plan, and to similar plans maintained by the Company's foreign subsidiaries, were \$140,967, \$137,570 and \$142,030 for fiscal years 1996, 1995 and 1994, respectively.

Postretirement Benefits

In addition to providing pension benefits, the Company provides certain medical benefits, until a participant is eligible for Medicare, to domestic salaried employees who elect early retirement and meet minimum age, service and other requirements. The Company reserves the right to amend or terminate this plan at any time. The plan is contributory and contains cost-sharing features such as deductibles and coinsurance.

SFAS No. 106 Employers Accounting for Postretirement Benefits Other Than Pensions requires, among other things, the accrual of retirement benefit costs over the active service period of employees to the date of full eligibility for these benefits. This standard requires that the accumulated plan benefit obligation existing at the date of adoption (transition obligation) either be recognized immediately or deferred and amortized over future periods.

The Company is amortizing the resulting transition obligation over 20 years. The adoption of this standard did not have a material effect on the consolidated results of operations or financial position of the Company.

NOTE 9 - CONTINGENT LIABILITIES

The Company is involved in various legal claims of a nature which are considered normal to its business, including patent and intellectual property issues. While it is not feasible to predict or determine the final outcome of these issues, management believes that they will not have a material adverse effect on the financial position or liquidity of the Company.

Notes to Consolidated Financial Statements

NOTE 10 - LEASES

The Company's mining operations are conducted on leased or owned property. These leases generally provide the Company with the right to mine as long as the Company continues to pay a minimum monthly rental, which is applied against the per ton royalty when the property is mined.

The Company leases its corporate offices (approximately 20,000 square feet) in Chicago, Illinois and additional office facilities in Europe. The office space in Chicago is subject to leases expiring in 2008. Office facilities in Europe are leased on a year-to-year basis.

In addition, the Company leases vehicles, data processing and other office equipment. In most cases, the Company expects that, in the normal course of business, leases will be renewed or replaced by other leases.

The following is a schedule by year of future minimum rental requirements under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of July 31, 1996:

Year Ending July 31:

1997	\$3,628,000
1998	2,237,000
1999	1,664,000
2000	990,000
2001	901,000
Later years	4,289,000

\$13,709,000

The following schedule shows the composition of total rental expense for all operating leases, including those with terms of one month or less which were not renewed:

	1996	1995	1994
Transportation equipment	\$3,770,000	\$3,439,000	\$2,710,000
Office facilities	377,000	373,000	184,000
Mining properties			
Minimum	168,000	180,000	196,000
Contingent	239,000	162,000	183,000
Other	688,000	649,000	565,000
	\$5,242,000	\$4,803,000	\$3,838,000

Notes to Consolidated Financial Statements

NOTE 11 - OTHER CASH FLOW INFORMATION

Cash payments for interest and income taxes were as follows:

	1996	1995	1994
Interest	\$1,706,424	\$1,750,054	\$1,390,014
Income Taxes	\$1,352,594	\$4,013,110	\$5,624,987

NOTE 12 - SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

A summary of selected information for 1996 and 1995 is as follows:

	Fiscal 1996 Quarter Ended (Thousands Except Per Share Amounts)				
	Oct. 31	Jan. 31	April 30	July 31	Total
Net Sales	\$39,308	\$41,797	\$36,427	\$36,255	\$153,787
Gross Profit	11,659	12,322	11,153	10,923	46,057
Net Income	1,413	477	670	814	3,374
Net Income Per Share	\$0.21	\$0.07	\$0.10	\$0.12	\$0.50

	Fiscal 1995 Quarter Ended (Thousands Except Per Share Amounts)				
	Oct. 31	Jan. 31	April 30	July 31	Total
Net Sales	\$39,025	\$40,157	\$37,179	\$36,538	\$152,899
Gross Profit	12,394	12,168	10,328	9,741	44,631
Net Income	2,819	2,573	1,540	1,071	8,003
Net Income Per Share	\$0.41	\$0.37	\$0.22	\$0.15	\$1.15

INDEPENDENT AUDITOR'S REPORT

Stockholders and Board of Directors
Oil-Dri Corporation of America

We have audited the consolidated statements of financial position of OIL-DRI CORPORATION OF AMERICA AND SUBSIDIARIES as of July 31, 1996 and 1995, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended July 31, 1996. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of OIL-DRI CORPORATION OF AMERICA AND SUBSIDIARIES as of July 31, 1996 and 1995, and the results of their operations and their cash flows for each of the three years in the period ended July 31, 1996 in conformity with generally accepted accounting principles.

BLACKMAN KALLICK BARTELSTEIN, LLP
Chicago, Illinois

August 30, 1996

Common Stock

The following table sets forth the closing high and low prices as quoted on the New York Stock Exchange for the period indicated.

The number of holders of record of Common Stock on July 31, 1996 was 1,281.

There is no established public trading market for the Class B Stock.

The number of holders of record of Class B Stock on July 31, 1996 was 21.

Dividends

	Date Paid	Amount Per Share	
		Common	Class B
Quarterly	09/15/95	\$0.08	\$0.06
Quarterly	12/15/95	\$0.08	\$0.06
Quarterly	03/15/96	\$0.08	\$0.06
Quarterly	06/14/96	\$0.08	\$0.06

Market Prices

Fiscal 1996	Closing Prices	
	High	Low
1st Quarter	16	141/8
2nd Quarter	161/8	14
3rd Quarter	16	131/4
4th Quarter	147/8	12

Market Prices

Fiscal 1995	Closing Prices	
	High	Low
1st Quarter	20	173/8
2nd Quarter	191/8	163/4
3rd Quarter	183/8	157/8
4th Quarter	167/8	141/8

Board of Directors
Officers
Senior Management

Board of Directors

Richard M. Jaffee, Chairman and Chief Executive Officer
Daniel S. Jaffee, President and Chief Operating Officer
Robert D. Jaffee, Chairman Amco Corporation
J. Steven Cole, President, Cole & Associates, Chairman Sav-A-Life Systems, Inc.
Ronald B. Gordon, President, Gordon Investment Group
Edgar D. Jannotta, Senior Director, William Blair & Company, L.L.C.
Joseph C. Miller, Vice Chairman
Paul J. Miller, Partner, Sonnenschein Nath & Rosenthal
Haydn H. Murray, Professor Emeritus of Geology, Indiana University
Allan H. Selig, President, Milwaukee Brewers Baseball Club, Inc., President and Chairman, Selig Executive Leasing, Inc., Chairman of the Executive Council of Major League Baseball

Officers

Richard M. Jaffee, Chairman and Chief Executive Officer
Daniel S. Jaffee, President and Chief Operating Officer
Joseph C. Miller, Vice Chairman
Michael L. Goldberg, Vice President and Chief Financial Officers
Richard V. Hardin, Group Vice President, Technology
Norman B. Gershon, Vice President, International Operations, Managing Director, Oil-Dri S.A.
Daniel J. Jones, Vice President, Favorite Products, Ltd.
Dennis E. Peterson, President, Oil-Dri Transportation Company
Thomas F. Cofsky, Vice President, Logistics, Quality & Service
James T. Davis, Vice President, Manufacturing
Donald J. Deegan, Vice President, Corporate Development & Planning
Steven M. Levy, Vice President and General Manager, Consumer Products Group
Louis T. Bland, Jr., Legal Counsel, Secretary
Richard L. Pietrowski, Treasurer

Senior Management

Elwyn J. Allbritton, Vice President, Operational Development
Charles M. Boland, General Manager, Agrisorbents Products Group
Wade R. Bradley, General Manager, Industrial & Environmental Product Group
Karen Jaffee Cofsky, Director, Human Resources
Sam J. Colello, Director, Information Systems
Brian P. Curtis, Assistant General Counsel
B. Fielden Fraley, General Manager, Fluids Purification Group
Fred G. Heivilin, Vice President, Raw Materials Development
Heidi M. Jaffee, Corporate Attorney, Assistant Secretary
Richard D. Johnsonbaugh, Eastern Regional Manager, Manufacturing
Kelly A. McGrail, Manager, Corporate Communications
William F. Moll, Vice President, Research & Development
V.R. Roskam, Vice President, Agrisorbents Products Group
William O. Thompson, Western Regional Manager, Manufacturing

Corporate Headquarters

Oil-Dri Corporation of America
410 North Michigan Avenue, Suite 400
Chicago, Illinois 60611-4211
(312) 321-1515

Investor Inquiries

Securities analyst, portfolio managers representatives of financial institutions seeking information about the corporation should contact Kelly McGrail, Manager, Corporate Communications, at the corporate headquarters.

Stockholders with inquiries related to stockholder records, stock transfers, change of ownership, change of address or dividend payments should write to Kelly McGrail at corporate headquarters, or contact the Company's registrar and transfer agent:

Harris Trust and Savings Bank
Shareholder Services Department
311 W. Monroe, 11th Floor,
P.O. Box A-3504
Chicago, Illinois 60690-9502

Stock Listing

Oil-Dri Corporation of America's Common Stock is listed under the ticker symbol ODC on the New York Stock Exchange. The corporation's daily trading activity, stock price and dividend information are in the financial sections of most major newspapers.

Annual Meeting

Oil-Dri Corporation of America will hold its 1996 Annual Meeting of Stockholders on Tuesday, December 10, 1996 at 10:30 a.m. (Local Time) at the Standard Club, 320 South Plymouth Court, Chicago, Illinois

Independent Public Accountants
Blackman Kallick Bartelstein, LLP

Legal Counsel
Sonnenschein Nath & Rosenthal

Oil-Dri Subsidiaries

Oil-Dri Corporation of Georgia
Georgia, U.S.A.

Oil-Dri U.K. Limited
Wisbech, United Kingdom

Oil-Dri Production Company
Mississippi and Oregon

Blue Mountain Production Company
Mississippi, U.S.A.

Oil-Dri Transportation Company
Georgia, U.S.A.

Favorite Products Company, Ltd.
Quebec, Canada

Oil-Dri S.A.
Coppet, Switzerland

SUBSIDIARIES OF THE COMPANY

Subsidiary	State or Country of Incorporation
Oil-Dri Corporation of Georgia	Georgia
Oil-Dri Production Company	Mississippi
Oil-Dri Transportation Company	Delaware
Oil-Dri, S.A	Switzerland
Favorite Products Company, Ltd.	Canada
Blue Mountain Production Co.	Mississippi
Oil-Dri (U.K.) Limited	United Kingdom
Ochlocknee Holding Co., S.A.	Spain
Ochlocknee Mining Co., S.A.	Spain
Oil-Dri Corporation of Nevada	Nevada

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the use of our reports and to all references to our Firm included in or by incorporation by reference made a part of the Annual Report on Form 10-K of Oil-Dri Corporation of America for the fiscal year ended July 31, 1996 and the Registration Statement of Form S-8 relating to the Oil-Dri Corporation of America Stock Option Plan.

October 20, 1996

12-MOS	
	JUL-31-1996
	JUL-31-1996
	10,113,544
	1,594,000
	20,666,623
	(225,970)
	11,737,068
	48,210,326
	112,943,046
	(54,730,624)
	117,692,868
17,811,677	
	18,978,000
	0
	0
	723,552
	76,505,944
117,692,868	
	153,786,754
153,786,754	
	107,729,770
	107,729,770
	39,154,323
	202,690
1,916,569	
	4,783,402
	1,409,145
3,374,257	
	0
	0
	0
	3,374,257
	0.50
	0.50