

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q

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

For the Quarter Ended January 31, 1997 Commission File Number 0-8675

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

DELAWARE	36-2048898
(State or other jurisdiction of Incorporation or organization)	(I.R.S. Employer Identification No.)

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

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

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

Yes X No

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

Common Stock - 5,193,150 Shares (Including 618,567 Treasury Shares)
Class B Stock - 2,042,368 Shares

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

	January 31 (Unaudited) 1997	July 31 (Unaudited) 1996
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 7,815,625	\$10,113,544
Investment Securities, at Cost	1,610,000	1,594,000
Accounts Receivable	24,366,103	20,666,623
Allowance for Doubtful Accounts	(375,820)	(225,970)
Inventories	10,279,738	11,737,068
Prepaid Expenses and Taxes	5,416,923	4,325,061
Total Current Assets	49,112,569	48,210,326

PROPERTY, PLANT AND EQUIPMENT - AT COST

Cost	112,994,491	112,943,046
Less Accumulated Depreciation and Amortization	(56,248,350)	(54,730,624)
Total Property, Plant and Equipment, Net	56,746,141	58,212,422

OTHER ASSETS

Goodwill (Net of Accumulated

Amortization)	4,106,496	4,172,526
Deferred Income Taxes	2,282,260	2,264,291
Other	5,068,867	4,833,303
Total Other	11,457,623	11,270,120

Assets

TOTAL ASSETS \$117,316,333 \$117,692,868

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

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

	January 31 (Unaudited) 1997	July 31 (Unaudited) 1996
CURRENT LIABILITIES		
Current Maturities of Notes Payable	\$ 1,926,000	\$ 1,626,762
Accounts Payable - Trade	4,277,758	5,338,787
Dividends Payable	488,508	519,610
Accrued Expenses	10,719,937	10,326,518
Total Current Liabilities	17,412,203	17,811,677
NONCURRENT LIABILITIES		
Notes Payable	17,132,000	18,978,000
Deferred Compensation	2,359,317	2,253,313
Other	1,636,150	1,420,382
Total Noncurrent Liabilities	21,127,467	22,651,695
Total Liabilities	38,539,670	40,463,372
STOCKHOLDERS' EQUITY		
Common Stock	723,551	723,552
Paid-In Capital in Excess of Par Value	7,667,412	7,660,600
Retained Earnings	80,598,295	77,385,514
Cumulative Translation Adjustment	(938,733)	(1,018,416)
	88,050,525	84,751,250
Less Treasury Stock, At Cost	9,273,862	7,521,754
Total Stockholders' Equity	78,776,663	77,229,496
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$117,316,333	\$117,692,868

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

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

	1997	1996
	(Unaudited)	(Unaudited)
Net Sales	\$83,317,354	\$81,105,246
Cost Of Sales	57,390,621	57,123,845
Gross Profit	25,926,733	23,981,401
Selling, General and Administrative Expenses	19,324,626	20,845,164
Operating Income	6,602,107	3,136,237
 OTHER INCOME (EXPENSE)		
Interest Expense	(916,745)	(970,528)
Interest Income	300,850	274,133
Foreign Exchange Gain (Loss)	4,180	(870)
Other, Net	(124,594)	187,724
	(736,309)	(509,541)
 Income Before Income Taxes	 5,865,798	 2,626,696
Income Taxes	1,671,752	736,622
Net Income	4,194,046	1,890,074
 RETAINED EARNINGS		
Balance at Beginning of Year	77,385,514	76,033,462
Less: Cash Dividends Declared	981,265	1,018,974
 Retained Earnings - January 31	 \$80,598,295	 \$76,904,562
Average Shares Outstanding	6,689,220	6,828,646
Net Income Per Share	\$0.63	\$0.28

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

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

	1997 (Unaudited)	1996 (Unaudited)
Net Sales	\$42,792,216	\$41,797,312
Cost Of Sales	29,157,368	29,474,959
Gross Profit	13,634,848	12,322,353
Selling, General and Administrative Expenses	10,114,152	11,532,883
Operating Income	3,520,696	789,470
 OTHER INCOME (EXPENSE)		
Interest Expense	(449,550)	(480,367)
Interest Income	150,274	121,539
Foreign Exchange Gain (Loss)	4,484	2,723
Other, Net	(61,116)	242,150
	(355,908)	(113,955)
 Income Before Income Taxes	 3,164,788	 675,515
Income Taxes	901,045	198,329
Net Income	\$2,263,743	\$477,186
 Average Shares Outstanding	 6,657,736	 6,813,708
Net Income Per Share	\$0.34	\$0.07

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

OIL-DRI CORPORATION OF AMERICA & SUBSIDIARIES
Consolidated Statements of Cash Flows
For the Six Months Ended January 31

	1997	1996
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$4,194,046	\$1,890,074
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	3,831,881	4,069,690
Provision for bad debts	150,000	86,472
(Increase) Decrease in:		
Accounts Receivable	(3,699,630)	(3,367,992)
Inventories	1,457,330	(297,074)
Prepaid Expenses and Taxes	(1,103,290)	(232,877)
Other Assets	(239,120)	(268,541)
Increase (Decrease) in:		
Accounts Payable	(1,022,024)	466,539
Accrued Expenses	346,643	(886,029)
Deferred Compensation	106,004	159,775
Other	215,767	423,773
Total Adjustments	43,561	153,736
Net Cash Provided By Operating Activities	4,237,607	2,043,810
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures	(2,662,573)	(2,599,529)
Proceeds from disposition of property, plant and equipment	555,232	-
Purchases of Investment Securities	(311,000)	-
Dispositions of Investment Securities	295,000	908,874
Other	(144,534)	-
Net Cash Used in Investing Activities	(2,267,875)	(1,690,655)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Long Term Debt	(1,546,762)	(168,355)
Dividends Paid	(985,068)	(1,018,524)
Foreign Currency Translation Adjustment	16,287	(26,288)
Purchases of Treasury Stock	(1,752,108)	(1,370,034)
Net Cash Used In Financing Activities	(4,267,651)	(2,583,201)
Net (Decrease) in Cash and Cash Equivalents	(2,297,919)	(2,230,046)
Cash and Cash Equivalents, Beginning of Year	10,113,544	8,829,667
Cash and Cash Equivalents, January 31	\$7,815,625	\$6,599,621

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

OIL-DRI CORPORATION OF AMERICA & SUBSIDIARIES
Notes To Consolidated Financial Statements
(Unaudited)

1. BASIS OF STATEMENT PRESENTATION

The financial statements and the related notes are condensed and should be read in conjunction with the consolidated financial statements and related notes for the year ended July 31, 1996, included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission.

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

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

2. INVENTORIES

The composition of inventories is as follows:

	January 31 (Unaudited) 1997	July 31 (Unaudited) 1996
Finished goods	\$6,243,125	\$6,728,150
Packaging	3,308,545	3,754,087
Other	728,068	1,254,831
	\$10,279,738	\$11,737,068

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

MANAGEMENT DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

SIX MONTHS ENDED JANUARY 31, 1997 COMPARED TO SIX
MONTHS ENDED JANUARY 31, 1996

RESULTS OF OPERATIONS

Consolidated net sales for the six months ended January 31, 1997 were \$83,317,000, an increase of \$2,212,000, or 2.7%, over net sales of \$81,105,000 in the first six months of fiscal 1996. Net income for the six months ended January 31, 1997 was \$4,194,000, or \$0.63 per share, an increase of 121.9% from \$1,890,000, or \$0.28 per share, earned in the first six months of the prior year.

Net sales of cat box absorbents increased \$2,508,000, or 5.2% over prior year amounts, even though sales to Sam's Club were down approximately \$3,600,000 in the first six months compared to the same period of last fiscal year. The growth resulted from increased sales of branded and private label products in both the grocery and mass merchandiser markets. Net sales of agricultural and fluids purification products increased \$2,011,000, or 11.7%, from the comparable period in fiscal 1996. The higher sales resulted from increased demand of AGSORB carriers as well as PURE-FL0 Supreme fluids purification products. Net sales of industrial and environmental sorbents decreased \$878,000, or 9.9%, from prior year levels. The decrease resulted from lower net sales of industrial clay absorbents (\$651,000) and non-clay sorbents (\$227,000) due to an increased internal focus on profitability versus sales growth and open positions in the sales force responsible for these products during the first quarter. Net sales of transportation services decreased \$824,000 or 17.6% from the first six months of fiscal 1996 due to lower backhaul revenue.

Consolidated gross profit as a percentage of net sales for the six months ended January 31, 1997 increased to 31.1% from 29.6% in the comparable period of fiscal 1996. Changes in sales mix and a Company-wide effort to reduce costs contributed to this increase.

Operating expenses as a percentage of net sales decreased to 23.2% in the first six months of fiscal 1997 from 25.7% in the same period of fiscal 1996. This decrease is primarily attributable to lower advertising and promotion costs for the new consumer products introduced last year and a charge in the second quarter of fiscal 1996 of \$921,000, reflecting settlement cost and legal fees related to patent litigation.

Interest expense decreased \$54,000 while interest income increased \$27,000.

The Company's effective tax rate was 28.5% of pre-tax income in the first six months of 1997 as compared to 28.0% for the same period of fiscal 1996.

The assets of the Company decreased \$377,000 during the first six months of fiscal 1997. Current assets increased \$902,000, or 1.9%, from fiscal 1996 year end balances primarily due to increased accounts receivable, and prepaid expenses partially offset by lower inventory and cash and cash equivalents levels. Property, plant and equipment, net of accumulated depreciation, decreased \$1,466,000 during the first six months.

Total liabilities in the six months ended January 31, 1997 decreased \$1,923,000, due primarily to the repayment of long-term debt. Current liabilities decreased \$400,000 or 2.2% from July 31, 1996 balances, due to lower accounts payable, partially offset by higher current maturities of notes payable.

EXPECTATIONS

The Company anticipates increased sales during the remainder of fiscal 1997 as compared to the same period of fiscal 1996. Sales of branded cat box absorbents are expected to increase moderately. However this sales growth is subject to continuing competition for shelf space in the grocery, mass merchandiser and club markets. The Company expects the profitability of these products to favorably impact earnings as spending on advertising and promotion remains at lower levels throughout the remainder of the current fiscal year as compared to last year. Sales of the Company's fluids purification products are also expected to increase compared to the same period of fiscal 1996, and the Company expects sales of its agricultural products will remain strong in the foreseeable future due to strong export demand.

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

LIQUIDITY AND CAPITAL RESOURCES

The current ratio increased slightly to 2.8 at January 31, 1997 from 2.7 at July 31, 1996. Working capital increased \$1,303,000 in the six months ended January 31, 1997 to \$31,701,000. Cash provided by operations continues to be the Company's primary source of funds to finance operating needs and capital expenditures. During the six months ended January 31, 1997 the balances of cash, cash equivalents and other investments declined \$2,282,000 due to capital expenditures (\$2,663,000), purchases of the Company's common stock (\$1,752,000), and reduction of debt (\$1,547,000). Total cash and investment balances held by the Company's foreign subsidiaries at January 31, 1997 and 1996 were \$2,629,000 and \$2,505,000 respectively.

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

Consolidated net sales for the three months ended January 31, 1997 were \$42,792,000, an increase of \$995,000 or 2.4%, over net sales of \$41,797,000 in the second quarter of fiscal 1996. Net income for the three months ended January 31, 1997 was \$2,264,000 or \$0.34 per share, an increase of 374.4% from \$477,000, or \$0.07 per share, earned in last year's quarter.

Net sales of cat box absorbents increased \$1,344,000 or 5.4% from fiscal 1996 second quarter results even though sales to Sam's Club were down approximately \$1,600,000 in the current quarter compared to the same quarter of the prior year. The growth resulted from increased sales of branded and private label products in both the grocery and mass merchandiser markets. Net sales of agricultural and fluids purification products increased \$662,000, or 7.1% from the comparable period in fiscal 1996. The higher sales resulted from increased demand for AGSORB carriers as well as PURE-FLO Supreme fluids purification products. Net sales of industrial and environmental sorbents decreased \$261,000, or 6.2%, from prior year second quarter levels. The decrease resulted from lower net sales of industrial clay absorbents (\$192,000) and non-clay sorbents (\$69,000) due to an increased focus on profitability versus sales growth. Net sales of transportation services decreased \$403,000 or 18.0% from the second quarter of fiscal 1996 due to lower backhaul revenue.

Consolidated gross profit as a percentage of net sales for the three months ended January 31, 1997 increased to 31.9% from 29.5% in the comparable period of fiscal 1996. Changes in sales mix and a Company-wide effort to reduce costs contributed to this increase.

Operating expenses as a percentage of net sales decreased to 23.6% in the second quarter of fiscal 1997 from 27.6% in the same quarter of the prior year. This decrease is primarily due to lower advertising and promotion costs for the new consumer products introduced during the second quarter of last year, and a charge in the second quarter of fiscal 1996 of \$921,000, reflecting settlement cost and legal fees related to patent litigation.

Interest expense decreased \$31,000 while interest income increased \$29,000.

The Company's effective tax rate was 28.5% of pre-tax income in the second quarter of 1997 as compared to 29.4% for the second quarter of fiscal 1996.

FOREIGN OPERATIONS

Net sales by the Company's foreign subsidiaries for the six months ended January 31, 1997 were \$6,120,000, or 7.3% of total Company sales. This represents a decrease of \$94,000, or 1.5%, from the same period of fiscal 1996 in which foreign subsidiary sales were \$6,214,000, or 7.7% of total Company sales. Net income of the foreign subsidiaries for the first six months of fiscal 1997 was \$431,000 compared with \$275,000 in the same period of fiscal 1996. Identifiable assets of the Company's foreign subsidiaries as of January 31, 1997 were \$9,991,000 an increase of \$847,000 from \$9,144,000 as of January 31, 1996.

Net sales by the Company's foreign subsidiaries for the quarter ended January 31, 1997 were \$3,119,000 or 7.3% of total Company sales. This represents a decrease of \$187,000, or 5.7%, from the same quarter in fiscal 1996, in which foreign subsidiary sales were \$3,306,000, or 7.9% of total Company sales. Net income of the foreign subsidiaries for the second quarter of fiscal 1997 was \$286,000 compared to \$51,000 in the same period of fiscal 1996.

Part II - Other Information

ITEM 1. Legal Proceedings - On February 13, 1996 the Company entered into a settlement agreement related to a patent infringement action that had been initiated by Edward Lowe Industries, Inc. in the United States District Court for the Northern District of Illinois, Eastern Division against the Company and Marcal Paper Mills, Inc. The settlement prohibits the Company and Marcal Paper Mills, Inc. from producing and marketing cellulosic granules as carriers for use in agricultural applications for a period of eight years. Additionally the Company and Marcal have been licensed to develop, produce and market cellulosic granules as cat litter and other absorbent granular products. The total pre-tax cost of the settlement, including legal expenses, was \$921,000 and has been charged against earnings in the quarter ended January 31, 1996.

Item 4. Submission of matters to a votes of security holders - On December 10, 1996 the 1996 Annual Meeting of Stockholders of Oil-Dri Corporation of America was held for the purpose of considering and voting on:

1. The election of ten directors.

Election of Directors

The following schedule sets forth the results of the vote to elect directors.

Director	Votes For	Votes Withheld
J. Steven Cole	23,865,355	27,512
Ronald B. Gordon	23,865,355	27,512
Daniel S. Jaffee	23,865,355	27,512
Richard M. Jaffee	23,865,344	27,523
Robert D. Jaffee	23,865,355	27,512
Edgar D. Jannotta	23,865,155	27,712
Joseph C. Miller	23,865,355	27,512
Paul J. Miller	23,865,355	27,512
Haydn H. Murray	23,865,355	27,512
Allan H. Selig	23,865,351	27,516

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

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

Exhibit 27: Financial Data Schedule

(b) During the quarter for which this report is filed, no reports on Form 8-K were filed.

SIGNATURES

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

OIL-DRI CORPORATION OF AMERICA
(Registrant)

BY /s/Michael L. Goldberg
Michael L. Goldberg
Vice President and Chief Financial Officer

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

Dated: March 12, 1997

INDEX TO EXHIBITS

EXHIBIT NUMBER	EXHIBIT TITLE	SEQUENTIALLY NUMBER	PAGE
(11)	Statement Re: Computation of Per Share Earnings		14

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

Quarter End	Period	Number of Days	Number of Shares Outstanding	Weighted Shares	Average Shares- (Weighted Shares) Number of Days As Adjusted	
January 31, 1997	11/01/96 to 11/25/96	25	6,670,051	166,751,275		
	11/26/96 to 12/01/96	6	6,666,551	39,999,306		
	12/02/96 to 12/05/96	4	6,664,051	26,656,204		
	12/06/96 to 12/12/96	7	6,661,551	46,630,857		
	12/13/96 to 12/18/96	6	6,660,651	39,963,906		
	12/19/96 to 01/02/97	15	6,658,751	99,881,265		
	01/03/97 to 01/06/97	4	6,648,751	26,595,004		
	01/07/97 to 01/19/97	13	6,646,851	86,409,063		
	01/20/97 to 01/20/97	1	6,646,751	6,646,751		
	01/21/97 to	11	6,616,951	72,786,461		
		92		612,320,092	6,655,653	
					2,083	
					6,657,736	
	January 31, 1996	11/01/95 to 01/31/96	92	6,812,922	626,788,824	
			92		626,788,824	6,812,922

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

786
6,813,708

Six Months Ended	Period	Number of Days	Number of Shares Outstanding	Weighted Shares	Average Shares- (Weighted Shares) Number of Days As Adjusted
January 31, 1997	08/01/96 to 09/24/96	55	6,736,451	370,504,805	
	09/25/96 to 09/25/96	1	6,733,951	6,733,951	
	09/26/96 to 09/26/96	1	6,717,551	6,717,551	

09/27/96 to	3	6,710,451	20,131,353	
09/29/96				
09/30/96 to	1	6,708,451	6,708,451	
09/30/96				
10/01/96 to	1	6,705,251	6,705,251	
10/01/96				
10/02/96 to	1	6,702,251	6,702,251	
10/02/96				
10/03/96 to	12	6,701,751	80,421,012	
10/14/96				
10/15/96 to	1	6,698,451	6,698,451	
10/15/96				
10/16/96 to	1	6,695,751	6,695,751	
10/16/96				
10/17/96 to	1	6,690,251	6,690,251	
10/17/96				
10/18/96 to	11	6,678,051	73,458,561	
10/28/96				
10/29/96 to	28	6,670,051	186,761,428	
11/25/96				
11/26/96 to	6	6,666,551	39,999,306	
12/01/96				
12/02/96 to	4	6,664,051	26,656,204	
12/05/96				
12/06/96 to	7	6,661,551	46,630,857	
12/12/96				
12/13/96 to	6	6,660,651	39,963,906	
12/18/96				
12/19/96 to	15	6,658,751	99,881,265	
01/02/97				
01/03/97 to	4	6,648,751	26,595,004	
01/06/97				
01/07/97 to	13	6,646,851	86,409,063	
01/19/97				
01/20/97 to	1	6,646,751	6,646,751	
01/20/97				
01/21/97 to	11	6,616,951	72,786,461	
01/31/97				
	184	1,230,497,884	6,687,489	
			1,731	
			6,689,220	

Six Months
Ended

January 31, 1996	08/01/95 to	8	6,901,322	55,210,576	
	08/08/95				
	08/09/95 to	63	6,841,322	431,003,286	
	10/10/95				
	10/11/95 to	1	6,814,922	6,814,922	
	10/11/95				
	10/12/95 to	112	6,812,922	763,047,264	
	01/01/96				
		184	1,256,076,048	6,826,500	

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

2,146

6,828,646

6-MOS	
	JUL-31-1997
	JAN-31-1997
	7,815,625
	1,610,000
	24,366,103
	375,820
	10,279,738
	49,112,569
	112,994,491
	(56,248,350)
	117,316,333
17,412,203	
	17,132,000
	0
	0
	723,551
	78,776,663
117,316,333	
	83,317,354
	83,317,354
	57,390,621
	57,390,621
	18,994,190
	150,000
	916,745
	5,865,798
	1,671,752
4,194,046	
	0
	0
	0
	4,194,046
	0.63
	0.63