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

FORM 10-K

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

For the fiscal year ended July 31, 2002

|_| TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from ---- to ----

Commission File Number 0-8675

OIL-DRI CORPORATION OF AMERICA

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

410 North Michigan Avenue, Suite 400, Chicago, Illinois
60611-4213
(312) 321-1515

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

Common Stock, par value $0.10 per share

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

None

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 |X| 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 the 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. |X|

Indicate by check mark whether the Registrant is an accelerated filer:
Yes |_| No |X|

The aggregate market value of the Registrant's Common Stock owned by non-affiliates as of January 31, 2002 for accelerated filer purposes was $33,329,000.

The aggregate market value of the Registrant's Common Stock owned by non-affiliates as of September 30, 2002 was $32,257,000.

Number of Shares of each class of the Registrant's Common Stock outstanding as of September 30, 2002:

Common Stock - 5,470,435 shares (including 1,279,700 treasury shares)
Class B Stock - 1,765,083 shares (including 342,241 treasury shares)
Class A Common Stock - 0 shares

DOCUMENTS INCORPORATED BY REFERENCE

The following documents are incorporated by reference:

1. The Registrant's Proxy Statement for its 2002 Annual

Meeting of Stockholders ("Proxy Statement"), which will be filed with the Securities and Exchange Commission not later than November 28, 2002 (120 days after the end of the Registrant's fiscal year ended July 31, 2002), is incorporated into Part III of this Annual Report on Form 10-K, as indicated herein.

CONTENTS

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, specialty, crop production and horticultural and industrial and automotive markets. The Registrant also has developed a dog treat product category, which is part of the Consumer products area. The Registrant's sorbent 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 merchandisers, warehouse clubs, and pet retail outlets. Specialty products, consisting primarily of bleaching, filtration and clarification clays, are sold to processors and refiners of edible and petroleum-based oils. Crop production and horticultural products, which include carriers for crop protection chemicals and fertilizers, drying agents, soil conditioners, sports field products, pellet binders for animal feeds and flowability aids, are sold to manufacturers of agricultural chemicals and distributors of other agricultural and sports turf products. Industrial and automotive products, consisting primarily of oil, grease and water sorbents (both clay and non-clay), are sold to distributors of industrial cleanup and automotive products, environmental service companies and retail outlets.

The Registrant's sorbent technologies include absorbent and adsorbent products. Absorbents, like sponges, draw liquids up into their many pores. Examples of the Registrant's absorbent clay products are CAT'S PRIDE(R) Premium cat litter and other cat litters, OIL-DRI ALL PURPOSE(R) floor absorbent and other floor absorbents and AGSORB(R) 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(R) sorbents for industrial cleanup, PURE-FLO(R), PURE-FLO(R) Supreme, PERFORM(TM) and SELECT(TM) bleaching clays for edible oils, fats and tallows, and ULTRA-CLEAR(R) clarification aids for petroleum-based oils and by-products.

The Registrant has pursued a strategy of developing products for consumer, specialty, crop protection and horticultural and industrial and automotive uses, where the Registrant's marketing, manufacturing 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.

Certain financial information on segments is contained in Note 3 of the "Notes to Consolidated Financial Statements," incorporated herein by reference. Information concerning total revenue of classes of similar products accounting for more than 10% of consolidated revenues in any of the last three fiscal years is not separately provided because it is the same as the information on net sales of segments furnished in Note 3 of the "Notes to Consolidated Financial Statements."

Certain financial information about the Registrant's foreign and domestic operations is contained in Note 3 of the "Notes to Consolidated Financial Statements," 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(R) and LASTING PRIDE(R) brand names, JONNY CAT(R) and FRESH STEP(R) brands manufactured for The Clorox Company, Arm & Hammer(R) SUPER CLAY(TM) brand manufactured for Church & Dwight Co., Inc., and private label cat litters manufactured for mass merchandisers, wholesale clubs, drugstore chains, pet superstores and retail grocery stores. The Registrant also packages and markets CAT'S PRIDE(R) KAT KIT cat litter in a disposable tray. These products are sold through independent food brokers and the Registrant's representatives to major grocery outlets such as Publix, Kroger, Stop and Shop and others. LASTING PRIDE(R) cat litter is principally sold to mass merchandisers such as Wal-Mart.

The Registrant has several long-term supply agreements under which it manufactures branded traditional litters for other marketers. Under these co-manufacturing relationships, the marketer controls all aspects of sales, marketing, distribution and the odor control formula the Company is responsible for manufacturing. The Registrant and The Clorox Company have had such an arrangement under which they developed FRESH STEP(R) premium-priced cat litter products and under which the Registrant has an exclusive right to supply The Clorox Company's requirements for FRESH STEP(R) coarse cat litter up to certain levels. During fiscal year 2001, the Company signed a new long-term agreement with The Clorox Company, such that the Company will continue to supply The Clorox Company with product. Additionally, during fiscal year 2001, the Company signed a long-term agreement with The Clorox Company to produce JONNY CAT(R) cat litter for the eastern half of the U.S. Production began in the first quarter of fiscal year 2002. The Registrant also has a long-term supply agreement with the Church & Dwight Co., Inc. whereby they are the exclusive manufacturer of the Arm and Hammer SUPER CLAY(TM) cat litter.

The cat litter market consists of two segments of product, coarse (traditional) and scoopable. Coarse litters are products that have absorbent and odor controlling characteristics. Scoopable litters, in addition to having absorbent and odor controlling characteristics, also have the characteristic of clumping when exposed to moisture, allowing the consumer to dispose of the used portion of the litter selectively. The cat litter market has expanded at a moderate pace in recent years, with the larger portion of the growth coming in the scoopable segment. Introduced in the early 1990's, the scoopable litters have captured a significant percentage of the market measured in retail dollars.

The overwhelming majority of all cat litter is mineral based; however, over the years various alternative litters have been introduced based on alternative strata such as paper, various agricultural waste products and most recently, silica gels. To date, these products have assumed niche positions within the category.

In fiscal 1998, the Registrant purchased Salubrious, Inc., a manufacturer of dog biscuits, which was subsequently renamed Phoebe Products Company. During fiscal 2002 most of the Phoebe Products sales were achieved in the high-end private label market. However, branded sales of SMART SNACKS(R) dog treats experienced expanded distribution in fiscal 2002.

SPECIALTY PRODUCTS GROUP

Specialty products include PURE-FLO(R) and PURE-FLO(R) Supreme bleaching clays and ULTRA-CLEAR(R) clarification aids. These products are supported by a team of technical sales and support representatives employed by the Company as well as agent representatives and the services of the Registrant's research and development group. The products are marketed in the United States and international markets.

PURE-FLO(R) 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(R) clarification aids are used as filtration and purification mediums for jet fuel and other petroleum-based oils. These products adsorb unwanted moisture and other impurities, and are primarily sold to oil refiners.

The Registrant also produces PERFORM(TM) and SELECT(TM) bleaching clays, which offer performance advances to refiners. The PERFORM(TM) products, provide increased activity for hard-to-bleach oils. The SELECT(TM) line of products is used earlier in the process stream to remove a variety of impurities from edible oils. SELECT(TM) bleaching clays can also be used to replace the water wash step in the caustic refining of edible oils. Other products include PEL-UNITE PLUSTM and CONDITIONADE(R) pelleting aids used in the manufacturing of animal feeds and POULTRY GUARD(R) litter amendments used in controlling ammonia levels in commercial poultry houses.

CROP PRODUCTION AND HORTICULTURAL PRODUCTS GROUP

The Registrant produces and markets a wide range of granular and powdered mineral absorbent products that are used with crop protection chemicals, agricultural drying agents, bulk processing aids, growing media, turf fertilizers and sports field products. Brands include AGSORB(R) agricultural chemical carriers and drying agents; FLO-FRE(R), a highly absorbent microgranule flowability aid; TERRA-GREEN(R) growing media supplement; and SOILMASTER(R) sports field conditioner.

AGSORB(R) carriers are used as a delivery system for crop protection chemicals, including herbicides, fungicides, insecticides, and fertilizers. AGSORB(R) customized carriers are designed to reduce dust and to facilitate accuracy of application. The Registrant's AGSORB(R) 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 the AGSORB(R) product 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 lawn and garden manufacturers. The Registrant's principal customers for these products include the agricultural groups of Monsanto, DowElanco, Syngenta and Bayer.

In October 1999 the Registrant acquired Pro's Choice, Inc., a marketer and distributor of sports field products. Previously, the Registrant had supplied Pro's Choice with specialty clay products for use in these markets. Products include SOILMASTER(R) family of infield conditioners. These products improve the performance and playability of baseball infields and facilitate root zone growth when used on the soil of soccer and football fields. The Registrant's principal customers for these products are managers of baseball, football, soccer fields and golf courses.

INDUSTRIAL AND AUTOMOTIVE PRODUCTS

Products for industrial applications include the Registrant's oil, grease and water sorbents, which are cost effective floor maintenance products that provide a non-slip 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 socks. The Registrant also distributes non-clay sorbents including pads and rolls, which are made of polypropylene.

The Registrant sells its industrial 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(R) Automotive, a floor absorbent for home and garage use. This product is sold through automobile parts distributors and mass merchandisers.

PATENTS

The Registrant has obtained or applied for patents for certain of its processes and products. These patents expire at various times, beginning in 2005. Patented processes and products are not material to the Registrant's overall business.

FOREIGN

Favorite Products Company, Ltd. (d.b.a. Oil-Dri Canada) is a manufacturer and marketer of branded and private label cat litter in the Canadian market place. Among the branded products sold by Favorite are SAULAR(R), a leading cat litter brand in Canada; and

SAULAR(R) KAT-KIT(TM), a disposable cat litter tray and litter combination. 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 was not materially impacted by these foreign currency fluctuations.

BACKLOG; SEASONALITY

At July 31, 2002 and 2001, the Registrant's backlog of orders was approximately $2,448,000 and $2,088,000, 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. accounted for approximately 22% of the Registrant's net sales for the fiscal year ended July 31, 2002. Sales to The Clorox Company accounted for slightly below 10% of the Registrant's net sales for the fiscal year ended July 31, 2002. The Clorox Company and the Registrant are parties to a long-term supply contract. The loss of any other of the Registrant's customers would not have a materially adverse effect on the Registrant.

COMPETITION

The Registrant has approximately six 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 the Registrant's markets and competition has historically been very vigorous.

RESERVES

The Registrant mines sorbent materials, consisting of either montmorillonite, attapulgite or diatomaceous earth on leased or owned land near its manufacturing facilities in Mississippi, Georgia, Illinois 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 462,940,000 tons. Based on its rate of consumption during the 2002 fiscal year, without regard to reserves in Nevada, the Registrant considers its proven recoverable reserves adequate to supply the Registrant's needs for over 50 years. It is the Registrant's policy to attempt to add to reserves in most years, but not necessarily in every year, an amount at least equal to the amount of reserves consumed in that year. The Registrant has a program of exploration for additional reserves and, although reserves have been acquired, the Registrant cannot assure that such additional reserves will continue to become available. 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, 2002, the Registrant utilized these reserves to produce substantially all of the sorbent minerals that it sold.

In 1997, the Registrant acquired rights to mineral reserves on approximately 5,827 acres in Washoe County, Nevada. This acreage is in addition to approximately 415 acres acquired in 1991 in Washoe County, Nevada. The Registrant estimates that there are over 300,000,000 tons of proven reserves of sorbent materials on the combined acreage. Mining and processing these reserves requires the approval of federal, state and local agencies. The Registrant has received federal approval to mine these properties. However, on February 26, 2002, the Washoe County

Commission voted 3 to 2 not to grant Oil-Dri a Special Use Permit to build the Company's proposed processing plant in Reno, Nevada. The Company has decided not to appeal the Commission's decision. On April 11, 2002, the Company filed suit against the County Commission in Federal District Court in Nevada to recoup damages sustained when it was denied a Special Use Permit to establish a mining operation in Hungry Valley. The suit claims that the County Commission exceeded their statutory authority in denying the Company the opportunity to mine on federal land. The Company expects that the suit will be scheduled for a hearing in early fall.

During the latter part of the fourth quarter of fiscal 2002, the Company reviewed both properties in Washoe County, Nevada for possible long-term asset impairment. The decision to review the properties was driven by a combination of the February 26, 2002, County Commission decision and the successful completion in June 2002 of a significant geographic distribution change with Wal-Mart. Please refer to Note 2 of the "Notes to Consolidated Financial Statements" for a detailed disclosure of an impairment loss on long-lived assets.

In 1998, mineral reserves on approximately 738 acres in Tennessee and 759 acres in Illinois were acquired in conjunction with the purchase of Oil-Dri, Mounds Production Company.

MINING OPERATIONS

The Registrant has conducted mining operations in Ripley, Mississippi since 1963; in Ochlocknee, Georgia since 1971; in Christmas Valley, Oregon since 1979; in Blue Mountain, Mississippi since 1989; and in Mounds, Illinois since 1998.

The Registrant's raw materials are surface 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 inventories of unprocessed clay of approximately one week of 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
	(IN THOUSANDS)	
Ochlocknee, Georgia	$2,579	$12,881
Ripley, Mississippi	$1,522	$ 8,368
Mounds, Illinois	$ 325	$ 7,418
Blue Mountain, Mississippi	$ 952	$ 5,736
Christmas Valley, Oregon	$ 98	$ 246

EMPLOYEES

As of July 31, 2002, the Registrant employed 779 persons, 72 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 39 of the Registrant's employees in the U.S. and approximately 24 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, Oregon and Illinois are required to comply with state surface 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 that 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, these 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 coal, natural gas and recycled fuel oil as permitted for energy sources in the processing of its clay products. In prior years and again in 2002, the Registrant has switched from natural gas to other energy sources during certain months due to seasonal unavailability and the higher cost of natural gas relative to other fuels. See Item 7a. with respect to the use of forward contracts.

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 PELUNITE PLUS(TM), PURE-FLO(R) Supreme, PURE-FLO(R) B80, B81, PERFORM(TM), SELECT(TM) and POULTRY GUARD(TM) absorbents, and CAT'S PRIDE(R) Scoopable and LASTING PRIDE(R) cat litters. The technical center produces prototype samples and tests new products for customer trial and evaluation.

The Registrant spent approximately $1,955,000, $1,953,000 and $1,951,000 during its fiscal years ended July 31, 2002, 2001 and 2000, 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.

ITEM 2. PROPERTIES

The Registrant's properties are generally described below:

Land Holdings & Mineral Reserves

	Land Owned (acres)	Land Leased (acres)	Land Unpatented Claims (acres)	Total (acres)	Proven Reserves (000s of tons)	Probable Reserves (000s of tons)	Total (000s of tons)
Florida........	341	--	--	341	1,062	928	1,990
Georgia........	1,884	1,556	--	3,440	28,081	10,424	38,505
Illinois.......	161	598	--	759	7,572	4,000	11,572
Mississippi....	2,181	978	--	3,159	115,134	110,064	225,198
Nevada.........	535	--	5,827	6,362	306,830	248,874	555,704
Oregon.........	405	--	100	505	11	292	303
Tennessee......	738	--	--	738	4,250	4,250	8,500
	6,245	3,132	5,927	15,304	462,940	378,832	841,772

See "Item 1. Business--Reserves"

There are no mortgages on the property owned by the Registrant. The Mississippi, Georgia, Oregon, Tennessee, Nevada, Florida and Illinois properties are primarily mineral in nature. Parcels of such land are also sites of manufacturing facilities operated by the Registrant. The Illinois land also includes the site of the 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 and, in Oregon, unpatented mining claims. The Georgia, Illinois and Mississippi mining leases, with expiration dates ranging from 2005 to 2053, none of the lease expirations are material, but they generally require that the Registrant pay a minimum monthly rental to continue the lease term. 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.

Of the Registrant's total reserves, certain claims in Nevada and Oregon are unpatented mining claims leased by the Registrant, on which the Registrant has the right to conduct mining activities. The validity of title to unpatented mining claims is dependent upon numerous factual matters. The Registrant believes the unpatented mining claims it leases are in compliance with all applicable federal, state and local mining laws, rules and regulations. In fiscal 2000, the Bureau of Land Management determined that the Registrant's claim on certain Nevada properties are locatable in nature. This ruling has the effect of perfecting the Registrant's right to mine these claims. However, with respect to Nevada, see Note 2 of the "Notes to Consolidated Financial Statements." In the past, members of Congress and the executive branch of the federal government have proposed amendments to existing federal mining laws. These amendments could have a prospective effect on mining operations on federal lands and include, among other changes, the imposition of royalty fees on the mining of unpatented claims, the elimination or restructuring of the patent system and an increase in fees for the maintenance of unpatented claims. To the extent that future proposals may result in the imposition of royalty fees on unpatented lands, the mining of the Registrant's unpatented claims may become uneconomic. The Registrant cannot predict the form that any such amendments might take or whether or when such amendments might be adopted.

The Registrant operates manufacturing facilities at Ripley, Mississippi; Ochlocknee, Georgia; Christmas Valley, Oregon; Blue Mountain, Mississippi and Mounds, Illinois; production and packaging plants at Laval, Quebec, Canada and Wisbech, United Kingdom; a non-clay sorbents processing and warehousing facility in Alpharetta, Georgia; and a dog biscuit manufacturing plant in Kiel, Wisconsin. The Registrant's facilities at Ripley, Mississippi; Ochlocknee, Georgia; Christmas Valley, Oregon; Mounds, Illinois; Alpharetta, Georgia; Laval, Quebec, Canada and Wisbech, United Kingdom are wholly owned by the Registrant and the Registrant's facility at Blue Mountain, Mississippi is owned in part by the Registrant, with the balance leased as hereinafter described. The Registrant is a party to leases that relate to certain plant acquisition and expansion projects at the Registrant's facility 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 manufacturing facility 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. The facilities in Alpharetta, Georgia and Kiel, Wisconsin are leased.

All of the Registrant's domestic manufacturing facilities, 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; 398,000 square feet at Ochlocknee, Georgia; 129,000 square feet at Mounds, Illinois; 18,000 square feet at Christmas Valley, Oregon; 26,000 square feet at Alpharetta, Georgia; 16,000 square feet at Kiel, Wisconsin and 140,000 square feet at Blue Mountain, Mississippi. The Registrant maintains railroad siding facilities near the Ripley, Mississippi; Ochlocknee, Georgia; Blue Mountain, Mississippi; Mounds, Illinois and Laval, Quebec, Canada manufacturing facilities. Equipment at all facilities 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-framed, 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 66,850 square feet at Wisbech, United Kingdom.

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

The Registrant's principal office, consisting of approximately 20,000 square feet in Chicago, Illinois, is presently occupied under a lease expiring on June 30, 2018.

ITEM 3. LEGAL PROCEEDINGS

On February 26, 2002, the Washoe County Commission voted 3 to 2 not to grant Oil-Dri a Special Use Permit to build the Company's proposed processing plant in Reno, Nevada. The Company has decided not to appeal the Commission's decision. On April 11, 2002, the Company filed suit against the County Commission in Federal District Court in Nevada to recoup damages sustained when it was denied a Special Use Permit to establish a mining operation in Hungry Valley. The Suit claims that the County Commission exceeded their statutory authority in denying the Company the opportunity to mine on federal land. The Company expects that the suit will be scheduled for a hearing in early fall.

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

Not applicable.

ITEM 401(B) OF REGULATION S-K. EXECUTIVE OFFICERS OF THE REGISTRANT

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

NAME(1)	PRINCIPAL OCCUPATION FOR LAST FIVE YEARS	AGE
Daniel S. Jaffee(1)...	President and Chief Executive Officer of the Registrant.	38
Richard V. Hardin(2)..	Group Vice-President of Technology of the Registrant.	63
Eugene W. Kiesel......	Vice-President of Specialty Products Group of the Registrant.	45
Wade R. Bradley.......	Vice-President of Global Consumer Products of the Registrant; Vice-President, Industrial & Automotive Products Group from December 1998 to June 2000; General Manager, Industrial & Automotive Products Group from June 1995 to December 1998.	42
Thomas F. Cofsky(2)...	Vice-President of Manufacturing and Logistics of the Registrant; Vice-President of Logistics, Quality & Service from February 1996 to June 1999.	41
Jeffrey M. Libert.....	Vice-President & Chief Financial Officer of the Registrant Vice-President of Corporate Development and Planning from June 1998 to April 2000; Manager of Production Planning from August 1995 to June 1998.	36
Robert L. Vetere......	Vice-President of Administration, General Counsel and Secretary of the Registrant until October 1, 2002, when he resigned his employment; Vice-President Legal and General Counsel of the Registrant from June 1999 to November 2000; Secretary of the Registrant since December 1999; Associate General Counsel and Director of Government Relations of First Brands Corporation from April 1996 to April 1999.	53
Steven M. Azzarello...	Vice-President of new Product Development of the Registrant; Vice President of Sales and Marketing for the Americas of the Registrant from September 2000 to May 2002; General Sales Manager for the Americas of the Registrant from January 2000 to September 2000: Commercial Director, Latin America of the Registrant from September 1999 to January 2000; Regional Sales Manager, Specialty Products of the Registrant from August 1993 to September 1999.	43

The term of each executive officer expires at the 2002 Annual Meeting of the Stockholders and when his successor is elected and qualified.

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(1) Of the persons in this table, only Daniel S. Jaffee is a director.
(2) Richard V. Hardin and Thomas F. Cofsky are Daniel S. Jaffee's brothers-in-law.

PART II

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

Information with respect to holders of Common Stock and Class B Stock is contained in Note 6 of the "Notes to Consolidated Financial Statements" incorporated herein by reference.

Information concerning stock prices and dividends with regard to the Common Stock of the Registrant, which is traded on the New York Stock Exchange, and information concerning dividends with regard to the Class B Stock of the Registrant, for which there is no established public trading market, is contained in Note 13 of the "Notes to Consolidated Financial Statements," incorporated herein by reference. No shares of Class A common stock are outstanding. The Registrant's 1993 Note Agreement with Teachers Insurance and Annuity Association and Connecticut General Life Insurance Company and the Registrant's Credit Agreement with Harris Trust and Savings Bank dated January 29, 1999 require that certain minimum net worth and tangible net worth levels are to be maintained. To the extent that these balances are not attained, the Registrant's ability to pay dividends may be impaired. See Note 4 of "Notes to Consolidated Financial Statements," incorporated herein by reference. Information concerning a private placement of $25,000,000 in principal amount of notes in April 1998 is incorporated herein by reference to Note 4 of the "Notes to the Consolidated Financial Statements." The notes were sold in reliance on the exemption from registration under the Securities Act of 1933 contained in Section 4(2) thereof, based on the fact that they were privately sold in their entirety to two financial institutions.

ITEM 6. SELECTED FINANCIAL DATA

TEN YEAR SUMMARY OF FINANCIAL DATA

	2002	2001	2000	1999
	(IN THOUSANDS EXCEPT FOR PER SHARE AMOUNTS)			
Summary of Operations...............				
Net Sales(1)........................	$162,345	$160,669	$164,044	$163,888
Cost of Sales(1)....................	131,265	131,804	127,434	121,230
Gross Profit(1).....................	31,080	28,865	36,610	42,658
Non-recurring Fee...................	--	4,278	--	--
Loss on Impaired Long-Lived Assets..	(3,213)	--	--	--
Selling, General and Administrative Expenses(1)........	(27,878)	(28,977)	(29,617)	(30,907)
Restructuring and Special Charges...	--	--	(1,239)	--
(Loss) Income from Operations.......	(11)	4,166	5,754	11,751
Other Income (Expense)				
Interest Income...................	295	235	206	480
Interest Expense..................	(2,575)	(2,916)	(3,185)	(3,185)
Foreign Exchange (Losses) Gains...	(133)	(228)	(173)	(124)
Gain on the Sale of Mineral Rights.........................	769	--	--	--
Other, Net........................	96	212	446	1,114
Total Other Expense, Net........	(1,548)	(2,697)	(2,706)	(1,715)
Income before Income Taxes..........	(1,559)	1,469	3,048	10,036
Income Taxes........................	(465)	556	821	2,860
Net (Loss) Income...................	$ (1,094)	$ 913	$ 2,227	$ 7,176
Average Shares Outstanding				
Basic.............................	5,614	5,613	5,647	5,827
Dilutive..........................	5,671	5,613	5,677	5,996
Net (Loss) Income per Share				
Basic.............................	$ (0.19)	$ 0.16	$ 0.39	$ 1.23
Dilutive..........................	$ (0.19)	$ 0.16	$ 0.39	$ 1.20
Important Highlights				
Total Assets......................	$125,035	$130,524	$132,844	$133,750
Long-Term Debt....................	$ 31,400	$ 34,256	$ 39,434	$ 38,150
Working Capital...................	$ 37,652	$ 36,100	$ 38,875	$ 37,141
Working Capital Ratio.............	2.9	2.8	3.6	3.3
Book Value per Share..............	$ 12.30	$ 12.80	$ 13.01	$ 13.00
Dividends Declared................	$ 1,894	$ 1,892	$ 1,900	$ 1,904
Capital Expenditures..............	$ 4,096	$ 5,609	$ 6,001	$ 8,495
Depreciation and Amortization.....	$ 8,785	$ 9,089	$ 9,099	$ 8,497
Operating Cash Flows, less Capital Expenditures............	$ 14,399	$ 9,840	$ (42)	$ 1,170
Long-Term Debt to Total Capital...	31.3%	32.3%	35.1%	33.9%
Net (Loss) Income as a Percent of Sales................	(0.7)%	0.6%	1.4%	4.4%
Return on Average Stockholders' Equity............	(1.6)%	1.3%	3.0%	9.8%
Gross Profit as a Percent of Net Sales......................	19.1%	18.0%	22.3%	26.0%
Operating Expenses as a Percent of Net Sales............	19.2%	15.4%	18.8%	18.9%

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(1)Net Sales, Gross Profit and Selling, General and Administrative Expenses have been reclassified to reflect the direction provided by EITF 00-25, EITF 00-22 and EITF 00-14 as described in Footnote 1. The reclassification for EITF 00-14 was done for all years presented. The reclassification for EITF 00-25 and 00-22 was done for fiscal years 2001-1995.

YEAR ENDED JULY 31					
1998	1997	1996	1995	1994	1993
$152,194	$148,895	$144,210	$148,861	$146,147	$139,558
111,990	109,906	108,997	109,288	103,457	98,369
40,204	38,989	35,213	39,573	42,690	41,189
--	--	--	--	--	--
--	--	--	--	--	--
(28,646)	(28,320)	(28,309)	(26,863)	(28,394)	(27,272)
(3,129)	--	(921)	--	--	--
8,429	10,669	5,983	12,710	14,296	13,917
491	637	587	448	441	452
(2,049)	(1,775)	(1,917)	(1,921)	(1,752)	(1,729)
(146)	--	(7)	(5)	3	(88)
--	--	--	--	--	--
(119)	(17)	137	(84)	171	(298)
(1,823)	(1,155)	(1,200)	(1,562)	(1,137)	(1,663)
6,606	9,514	4,783	11,148	13,159	12,254
1,883	2,721	1,409	3,145	3,307	2,834
$ 4,723	$ 6,793	$ 3,374	$ 8,003	$ 9,852	$ 9,420
6,125	6,596	6,806	6,932	6,990	6,995
6,165	6,599	6,807	6,936	7,011	7,031
$ 0.77	$ 1.03	$ 0.50	$ 1.15	$ 1.41	$ 1.35
$ 0.77	$ 1.03	$ 0.50	$ 1.15	$ 1.41	$ 1.34
$134,215	$114,558	$117,693	$116,988	$112,267	$102,117
$ 39,976	$ 17,052	$ 18,978	$ 20,422	$ 21,521	$ 17,766
$ 36,283	$ 31,165	$ 30,399	$ 33,074	$ 29,337	$ 26,043
3.1	3.0	2.7	3.1	3.0	2.7
$ 12.15	$ 12.03	$ 11.46	$ 11.35	$ 10.51	$ 9.50
$ 1,808	$ 1,936	$ 2,022	$ 2,047	$ 1,807	$ 1,679
$ 6,496	$ 5,395	$ 7,184	$ 7,032	$ 13,559	$ 9,158
$ 7,832	$ 7,587	$ 7,926	$ 7,808	$ 6,798	$ 5,835
$ 125	$ 8,208	$ 5,941	$ 5,445	$ (3,335)	$ 5,080
35.8%	18.1%	19.7%	20.7%	22.8%	21.1%
3.1%	4.6%	2.3%	5.4%	6.7%	6.7%
6.3%	8.8%	4.3%	10.6%	14.1%	14.9%
26.4%	26.2%	24.4%	26.6%	29.2%	29.5%
20.9%	19.0%	20.3%	18.0%	19.4%	19.5%

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

RESULTS OF OPERATIONS
FISCAL 2002 COMPARED TO FISCAL 2001

Consolidated net sales for the year ended July 31, 2002, were $162,345,000, an increase of 1.0% from net sales of $160,669,000 in fiscal 2001. The fiscal year sales reflect the reclassification described in Note 1 of the "Notes to Consolidated Financial Statements" for the various new accounting pronouncements. The improvement was due to a sales increase reported by all of the business segments. Basic and diluted income per share was a loss of $0.19, versus basic and diluted net income per share of $0.16 in fiscal 2001. The loss was driven by a $3,213,000 pre-tax write-off associated with a loss on impaired long-lived assets. Partially offsetting this loss were increased sales, a pre-tax gain of $937,000 on a land sale and the sale of mineral rights, and positive trends in selling, general & administrative expenses, interest income and interest expense. Energy costs were stable during the year. The Company's overall sales mix showed a small negative impact in fiscal 2002. The Consumer segment's negative mix factors were offset in large part by the other segments. Driving the fiscal 2001 income was a non-recurring fee of $4,278,000, which was partially offset by $920,000 of charges covering developmental costs and several capital asset programs that the Company no longer intended to pursue in their original form. See Note 2 of the "Notes to Consolidated Financial Statements" for a discussion of the loss on impaired long-lived assets; gain on the sale of mineral rights and the 2001 non-recurring fee.

Net sales for the Consumer Products segment for fiscal 2002 were $101,042,000, an increase of 0.3% from net sales of $100,728,000 in fiscal 2001. Increased sales of private label cat litter, dog treats and co-manufactured cat litter items offset the lower sales of branded clay and paper cat litters. Consumer Products' operating income increased 35.3% from $7,522,000 in fiscal 2001 to $10,175,000 in fiscal 2002. This increase was due to better expense control in the selling, administrative and advertising areas, improved sales of the dog treat items, offset partially by reduced product pricing in the co-manufacturing area and mix weakness in our branded product area.

Net sales of the Specialty Products Group for fiscal 2002 were $24,499,000, an increase of 3.5% from net sales of $23,678,000 in fiscal 2001. The major change was seen in an $800,000 increase in sales to Latin America, with CONDITIONADE(R) and various bleaching clays all experiencing increases. The balance of the marketing areas remained relatively flat compared to fiscal 2001. Operating income for the Specialty Products segment increased 74.6% from $2,451,000 in fiscal 2001 to $4,280,000 in fiscal 2002. The increase was due to sales growth in the Latin American market, selling price increases in our animal health business, the cessation of the unprofitable Rheological products business and improved profitability in some of the bleaching earth products. The exchange rate fluctuations seen between the Euro and the Dollar had a minimal impact on the Company's marketing to European customers.

Net sales of the Crop Production and Horticultural Products segment for fiscal 2002 were $17,154,000, an increase of 2.8% from net sales of $16,691,000 in fiscal 2001. This increase is due to increased sales of SOILMASTER(R) sports field conditioners and TERRA-GREEN(R) soil conditioner. Crop Production and Horticultural Products operating income increased 53.1 % from $1,535,000 in fiscal 2001 to $2,350,000 in fiscal 2002. The increase was due to increased selling prices and decreased selling expenses.

Net sales of the Industrial and Automotive Products segment for fiscal year 2002 were $19,650,000, an increase of 0.4% from net sales of $19,572,000 in fiscal 2001. A 29% or approximately $1,000,000 sales increase of Lites(R) products and general price increases were offset by lower volumes of clay products. Industrial and Automotive Products' operating income increased from a loss of $389,000 in fiscal 2001 to a gain of $18,000 in fiscal 2002. The selling price increases accounted for much of this change.

Consolidated gross profit as a percentage of net sales for fiscal 2002 increased to 19.1% from 18.0% in fiscal 2001. The year-to-date gross profit reflects the reclassifications described in Note 1 of the "Notes to Consolidated Financial Statements" for the various new accounting pronouncements. This increase was due to several factors. The Specialty segment contributed additional gross profit from the growth in the Latin American sales, selling price increases in our animal health business, the discontinuation of the unprofitable Rheological products business and improved profitability in some of the bleaching earth products. The Industrial and Crop Production segments helped the gross profit picture with price increases. Finally, the Company saw solid growth in the Consumer segment's dog treat business. Offsetting some of the positive was the continued decline of the coarse litter branded business in the Consumer segment, a reduction of the selling prices in the co-manufactured products business and a $175,000 increase in our obsolescence reserve primarily for product sold by our Consumer Products Group.

Operating expenses as a percentage of net sales increased to 19.2% for fiscal 2002 from 15.4% in fiscal 2001. Excluding the loss on impaired assets in fiscal 2002 and non-recurring fee in fiscal 2001, operating expenses for fiscal 2002 would have been 17.2% and 18.0% in fiscal 2001. Reductions in trade and advertising spending in the Consumer segment were key contributors to the adjusted value of 17.2% for fiscal 2002.

Fiscal 2002 interest expense was down $341,000 from fiscal 2001. Long-term debt was reduced by approximately $2,156,000 during the year. At July 31, 2002 and 2001, the Company did not have any outstanding borrowing against the revolving line of credit.

Fiscal 2002 interest income was up $60,000 from fiscal 2001.

The Company's effective tax rate was 29.8 % of income before tax in fiscal 2002 and 37.9% in fiscal 2001. See Note 5 in the Notes to the Consolidated Financial Statements for the principal reasons for the decrease.

Total assets of the Company decreased $5,489,000 or 4.2% during the year ended July 31, 2002. Current assets increased $1,802,000 from fiscal 2001 year-end balances primarily due to increased cash and cash equivalents and investments in Treasury securities, offset by decreased accounts receivable and inventories. Property, plant and equipment, net of accumulated depreciation, decreased $7,414,000 during the year. A significant part of this reduction was caused by the impairment loss. However, the fact that depreciation expense continued to exceed capital expenditures also played a key part in the reduction.

Total liabilities decreased $2,714,000 or 4.6% during fiscal 2002. A majority of the decrease was reported in non-current notes payable. However, accrued freight expense, accounts payable and accrued trade promotions and advertising also decreased. Increases occurred in current maturities on notes payable and accrued wages and salaries expense. Current liabilities increased $250,000 or 1.3% from July 31, 2001 balances.

EXPECTATIONS

The Company anticipates that 2003 sales should be down 4% to 7% compared to fiscal 2002. The impact of the Company's decision to restructure its private label supply arrangement with Wal-Mart will reduce sales, but should increase profits. Additional sales reductions may occur due to continued product and geographical rationalization. During the second half of fiscal 2003, the Company's overburden removal cost at its Georgia facility should return to more historical levels, positively impacting profitability. However, because of the uncertainties of the general economy the Company believes it is prudent to forecast the Company's fully diluted earnings per share in a broad range of $0.20 to $0.40 per diluted share for fiscal 2003.

LIQUIDITY AND CAPITAL RESOURCES

The current ratio of 2.9:1 at July 31, 2002 increased from the 2.8:1 at July 31, 2001. Working capital increased $1,552,000 during fiscal 2002 to $37,652,000, primarily due to higher cash and cash equivalents, investments in Treasury securities and accrued trade promotions and accounts payable. This increase was partially offset by lower inventories, trade receivables and increased accrued wages and salaries and current maturities of notes payable. During fiscal 2002, the balances of cash, cash equivalents, investment in Treasury and general securities increased $10,535,000 to $16,236,000.

Cash provided by operating activities was used to fund capital expenditures of $4,096,000, payments on long-term debt of $2,156,000 and dividend payments of $1,894,000. Total cash and investment balances held by the Company's foreign subsidiaries at July 31, 2002 and July 31, 2001 were $2,187,000 and $2,241,000, respectively.

Accounts receivable, less allowance for doubtful accounts, decreased 11.8% during fiscal 2002. Days outstanding receivables decreased from 60.7 at July 31, 2001 to 50.4 at July 31, 2002 due to reductions in outstanding trade deductions. During fiscal 2002, the Company experienced a $267,000 increase in its bad debts expense from $142,000 in fiscal 2001 to $409,000 in fiscal 2002. This increase was driven by bankruptcies of several customers of our Consumer Products Group.

The Company maintains policies and practices to monitor the creditworthiness of its customers. Such policies include maintenance of a list of customers whose creditworthiness merits special monitoring. The total balance of accounts receivable for accounts on that list represents 7.8% of the Company's outstanding receivables. Also, during fiscal 2002, the Company settled a lawsuit with The Fleming Companies, Inc. related to outstanding receivables, deductions and inventory on terms that were satisfactory to both parties.

In July 2002, the Teachers Insurance and Annuity Association 1993 and 1998 note agreements were amended to modify the fixed charge covenant ratio for periods beginning May 1, 2002, as follows: (i) for the period May 1, 2002 through July 31, 2002 the ratio test was waived by the noteholders; (ii) for the periods ending August 1, 2002 through January 31, 2002 to 1.00 to 1.00; (iii) for the periods ending February 1, 2003 through October 31, 2003 to 1.25 to 1.00; (iv) and for the periods ending November 1, 2003 and thereafter to 1.50 to 1.00. Also, for any fiscal quarter ending on or after July 31, 2002 an additional interest charge of 0.25% is imposed if the fixed charge coverage ratio is less than 1.25 to 1.00 for the quarter ended July 31, 2002 and 1.50 to 1.00 for periods thereafter. Finally, the definition of Consolidated Net Income was also amended for covenant compliance purposes to exclude non-cash charges incurred by the Company on or before July 31, 2003, relating to the write-off of the Company's equity investments in the Washoe County, Nevada projects and other costs associated with the possible write-off of a western production facility. Please see Note 2, "Notes to Consolidated Financial Statements" for a description of a write-down totaling $3,213,000 in 2002. The aggregate amount of these write-offs cannot be in excess of $4,700,000. No decision has been taken at this time regarding the possible write-off of the western production facility.

Liquidity needs have been, and are expected to be, met through internally generated funds and, to the extent needed, borrowings under the Company's revolving credit facility with Harris Trust and Savings. The credit agreement contains restrictive covenants that, among other things and under various conditions, limit the Company's ability to incur additional indebtedness, to acquire, build or dispose of assets and to pay dividends.

The Company believes that cash flow from operations and availability under its revolving credit facility will provide adequate funds for foreseeable working capital needs, capital expenditures at existing facilities and debt service obligations. However, should new facility construction or acquisition occur, it is possible that additional borrowings of a long-term nature will be required outside the existing credit facility.

The Company's ability to fund operations, make planned capital expenditures, including new facility construction, to make scheduled debt payments and to remain in compliance with all of the financial covenants under debt agreements depends on its future operating performance, which, in turn, is subject to prevailing economic conditions and to financial, business and other factors.

RESULTS OF OPERATIONS
FISCAL 2001 COMPARED TO FISCAL 2000

Consolidated net sales for the year ended July 31, 2001, were $160,669,000, a decrease of 2.1% from net sales of $164,044,000 in fiscal 2000. The fiscal year sales reflect the reclassification described in Note 1 of the "Consolidated Notes to Financial Statements" for the various new accounting pronouncements. This decline was due to decreased sales in the Consumer Products and the Specialty Products segments, partially offset by increased sales in the Crop Production and Horticultural Products and Industrial Products segments. Basic and diluted net income per share was $0.16 for fiscal 2001, versus basic and diluted net income per share of $0.39 in fiscal 2000. This decrease was due to lower sales, an unfavorable product mix in our Consumer Products Group, a significant increase ($3,100,000) in energy costs used in the Company's manufacturing processes, increased mining costs, unfavorable foreign exchange rate fluctuations and competitive activities which negatively impacted our Specialty Products Group. Positively impacting earnings was a non-recurring fee of $4,278,000, which resulted from the early termination of a supply agreement.

Net sales for the Consumer Products segment for fiscal 2001 were $100,728,000, a decrease of 3.6% from net sales of $104,539,000 in fiscal 2000. Increased sales of private label product to both grocery and mass merchandisers was overshadowed by lower sales of branded clay and paper cat litter and contract-manufactured cat litter. Consumer Products' operating income declined 44.0% from $13,432,000 in fiscal 2000 to $7,522,000 in fiscal 2001. This decline was due to significant increases in energy costs used in the Company's manufacturing processes, reduced paper litter sales, competitive activities, unfavorable product mix, reduced co-packaged cat litter sales and increased material costs in our Canadian operation.

Net sales of Specialty Products Group for fiscal 2001 were $23,678,000, a decrease of 5.0% from net sales of $24,919,000 in fiscal 2000. While North American and Latin American sales of PURE FLO(R) bleaching clays remained flat compared to fiscal 2000 levels, European sales, specifically by the Company's United Kingdom subsidiary, decreased. Export sales were hampered by the relative strength of the U.S. dollar versus other currencies, particularly the Euro. Also, the Specialty Products Group lost a key European customer late in fiscal 2000. Highlights for this area were increased sales of ULTRA CLEAR(R) and SELECT(TM) products. Operating income for the Specialty Products segment decreased 38.0% from $3,951,000 in fiscal 2000 to $2,451,000 in fiscal 2001. This decrease was due to higher fuel costs, competitive activities and unfavorable exchange rate fluctuations.

Fiscal year 2000 net sales and operating income reflect a reclassification of $2,250,000 and $(346,000), respectively, for Animal Health and Nutrition products and customers moved from the Crop Production and Horticultural Products segment to the Specialty Products segment.

Net sales of the Crop Production and Horticultural Products segment for fiscal 2001 were $16,691,000, an increase of 4.7% from net sales of $15,949,000 in fiscal 2000. This increase is due to increased sales of SOILMASTER(R) sports field conditioners. Crop Production and Horticultural Products operating income increased 3.0% from $1,491,000 in fiscal 2000 to $1,535,000 in fiscal 2001, due to the increased the increased volume of the sports field products and increased pricing of agricultural and sports field products.

Net sales of the Industrial and Automotive Products segment for fiscal year 2001 were $19,572,000, an increase of 5.0% from net sales of $18,637,000 in fiscal 2000 due to increased sales of Lites products and general price increases instituted during the year. Industrial and Automotive Products' operating income decreased from a gain of $188,000 in fiscal 2000 to a loss of $389,000 in fiscal 2001 due to increased energy costs in our manufacturing processes, offset partially by the increase in sales and pricing discussed above.

Consolidated gross profit as a percentage of net sales for fiscal 2001 decreased to 18.0% from 22.3% in fiscal 2000. The fiscal year gross profit reflects the reclassification described in Note 1 of the "Consolidated Notes to Financial Statements" for the various new accounting pronouncements. This decline was due to an unfavorable sales mix in the Consumer Products, reduction of contract-manufactured sales, reduced export profitability due to unfavorable exchange rate fluctuation, competitive activities, mining costs and a significant increase ($3,100,000) in our energy costs associated with our manufacturing processes.

Operating expenses as a percentage of net sales decreased to 15.4% for fiscal 2001 from 18.8% in fiscal 2000. Excluding the restructuring charge recorded in the second quarter of fiscal 2000, operating expenses as a percentage of net sales were 18.1%. The two other major factors, which positively impacted operating expenses, were the non-recurring fee income and a reduction in discretionary incentive compensation.

Fiscal 2001 interest expense was down $269,000 from fiscal 2000. Long-term debt was reduced by approximately $4,800,000 during the year. At July 31, 2001, the Company did not have any outstanding borrowing against the revolving line of credit. At July 31, 2000 the outstanding borrowings were $3,020,000.

Interest income increased slightly from fiscal 2000.

The Company's effective tax rate was 37.9% of income before tax in fiscal 2001 and 26.9% in fiscal 2000. See Note 5 in the Notes to the Consolidated Financial Statements for the principal reasons for the increase.

Total assets of the Company decreased $2,320,000 or 1.7% during the year ended July 31, 2001. Current assets increased $1,783,000 from fiscal 2000 year-end balances primarily due to increased cash and cash equivalents and prepaid overburden, offset by decreased inventories and prepaid expenses. Property, plant and equipment, net of accumulated depreciation, decreased $3,576,000 during the year as depreciation expense exceeded capital expenditures.

Total liabilities decreased $1,202,000 or 2.0% during the year due primarily to decreased non-current notes payable balances, partially offset by increased trade payables and accrued trade promotion and advertising balances. Current liabilities increased $4,558,000 or 30.2% from July 31, 2000 balances, due to the increased trade payables and accruals stated above.

FOREIGN OPERATIONS

Net sales by the Company's foreign subsidiaries during fiscal 2002 were $10,754,000 or 6.6% of total Company sales. This represents a decrease of 1.4% from fiscal 2001 in which foreign subsidiary sales were $10,908,000 or 6.8% of total Company sales. Net gain of the foreign subsidiaries for fiscal 2002 was $93,000, a significant increase from net loss of $325,000 in fiscal 2001. Much of the improvement was driven by the Company's Canadian operations through price increases and lower material costs. Identifiable assets of the Company's foreign subsidiaries as of July 31, 2002 were $9,542,000, a decrease of $267,000 from $9,809,000 as of July 31, 2001. The single largest contributor to this decrease was the reduction of goodwill, associated with fiscal 2002 normal amortization.

Net sales by the Company's foreign subsidiaries during fiscal 2001 were $10,908,000 or 6.8% of total Company sales. This represents a decrease of 12.3% from fiscal 2000 in which foreign subsidiary sales were $12,433,000 or 7.6% of total Company sales. This decrease is due to lower sales of Specialty products in the United Kingdom. Net loss of the foreign subsidiaries for fiscal 2001 was $325,000, a significant increase from the net loss of $27,000 in Fiscal 2000. The increased loss was primarily due to lower gross profit in Canada, which was caused by higher material and transportation costs and the loss of a key customer and foreign currency issues in the United Kingdom. Identifiable assets of the Company's foreign subsidiaries as of July 31, 2001 were $9,809,000, a decrease of $274,000 from $10,083,000 as of July 31, 2000.

FORWARD-LOOKING STATEMENTS

Certain statements in this report, including, but not limited to, those under the heading "Expectations" and those statements elsewhere in this report that use forward-looking terminology such as "expect," "would," "could," "should," "estimates," "anticipates" and "believes" are "forward-looking statements" within the meaning of that term in the Securities Exchange Act of 1934, as amended. Actual results may differ materially from those reflected in these forward-looking statements, due primarily to continued vigorous competition in the grocery, mass merchandiser and club markets and specialty product markets, the level of success of new products, and the cost of product introductions and promotions in the consumer market. These forward-looking statements also involve the risk of changes in market conditions in the overall economy and, for the fluids purification and agricultural markets, in planting activity, crop quality, and overall agricultural demand, including export demand, fluctuations of energy costs and foreign exchange rate fluctuations. Other factors affecting these forward-looking statements may be detailed from time to time in reports filed with the Securities and Exchange Commission.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company did not have any derivative financial instruments as of July 31, 2002. However, the Company is exposed to interest rate risk. The Company employs policies and procedures to manage its exposure to changes in the market risk of its cash equivalents and short-term investments. The Company believes that the market risk arising from holdings of its financial instruments is not material.

The Company is exposed to commodity price risk with respect to natural gas. The Company has contracted for a significant portion of its fuel needs for fiscal 2003 using forward purchase contracts to manage the volatility related to this exposure. No contracts were entered into for speculative purposes. These contracts will reduce the volatility in fuel prices, and the weighted average cost of these contracts have been estimated to be approximately 17% lower than the contracts for fiscal 2002.

The table below provides information about the Company's natural gas future contracts, which are sensitive to changes in commodity prices, specifically natural gas prices. For the future contracts the table presents the notional amounts in MMBtu's, the weighted average contract prices, and the total dollar contract amount, which will mature by July 31, 2003. The Fair Value was determined using the "Most Recent Settle" price for the "Henry Hub Natural Gas" option contract prices as listed by the New York Mercantile Exchange on September 27, 2002.

COMMODITY PRICE SENSITIVITY
NATURAL GAS FUTURE CONTRACTS
FOR THE YEAR ENDING JULY 31, 2003

	Expected 2003 Maturity	Fair Value
Natural Gas Future Volumes (MMBtu's)	645,000	
Weighted Average Price(Per MMBtu)	$3.82	
Contract Amount ($ U.S., in thousands)	$2,462.9	$2,480.4

Factors which could influence the fair value of the natural gas contracts, include, but are not limited to, the overall general economy, developments in world events, the general demand of natural gas by the manufacturing sector, seasonality and the weather patterns throughout the United States and the world. Some of these same events have allowed the Company to mitigate the impact of the natural gas contracts, by the continued and in some cases expanded use of recycled oil in our manufacturing processes. Accurate estimates of the impact that these contracts may have on the Company's fiscal 2003 financial results are difficult to make due to the inherent uncertainty of future fluctuations in option contract prices in the natural gas options market.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

CONSOLIDATED BALANCE SHEETS

ASSETS	July 31, 2002	July 31, 2001
	(IN THOUSANDS OF DOLLARS)	
CURRENT ASSETS		
Cash and cash equivalents	$ 7,154	$ 4,444
Investment in Treasury securities	7,807	--
Investment securities	1,275	1,257
Accounts receivable, less allowance of $392 in 2002 and $455 in 2001	21,415	24,267
Other receivables	1,025	2,497
Inventories	11,798	15,445
Prepaid overburden removal expense	3,678	3,797
Prepaid expenses	3,392	4,035
Total Current Assets	57,544	55,742
PROPERTY, PLANT AND EQUIPMENT, AT COST		
Buildings and leasehold improvements	22,008	21,647
Machinery and equipment	91,943	92,037
Office furniture and equipment	9,930	9,994
Vehicles	4,511	4,889
	128,392	128,567
Less accumulated depreciation and amortization	(88,684)	(83,694)
	39,708	44,873
Construction in progress	1,797	3,430
Land	7,117	7,733
Total Property, Plant and Equipment, Net	48,622	56,036
OTHER ASSETS		
Goodwill and intangibles (Net of accumulated amortization of $4,272 in 2002 and $3,569 in 2001)	9,388	9,691
Deferred income taxes	3,972	3,155
Other	5,509	5,900
Total Other Assets	18,869	18,746
Total Assets	$125,035	$130,524

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

	July 31, 2002	July 31, 2001
	(IN THOUSANDS OF DOLLARS)	
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current maturities of notes payable	$ 2,850	$ 2,150
Accounts payable	5,121	5,791
Dividends payable	473	473
Accrued expenses		
Salaries, wages and commissions	3,722	1,524
Trade promotions and advertising	2,595	4,006
Freight	828	1,312
Other	4,303	4,386
Total Current Liabilities	19,892	19,642
NONCURRENT LIABILITIES		
Notes payable	31,400	34,256
Deferred compensation	2,954	2,769
Other	1,718	2,011
Total Noncurrent Liabilities	36,072	39,036
Total Liabilities	55,964	58,678
STOCKHOLDERS' EQUITY		
Common Stock, par value $.10 per share, issued 5,470,435 shares in 2002 and 2001	547	547
Class B Stock, par value $.10 per share, issued 1,765,083 shares in 2002 and 2001	177	177
Additional paid-in capital	7,677	7,667
Retained earnings	86,790	89,778
Restricted unearned stock compensation	(4)	(25)
Cumulative translation adjustment	(1,288)	(1,474)
	93,899	96,670
Less treasury stock, at cost (1,279,700 common shares and 342,241 Class B shares at July 31, 2002 and 1,279,110 Common and 342,241 Class B shares at July 31, 2001)	(24,828)	(24,824)
Total Stockholders' Equity	69,071	71,846
Total Liabilities and Stockholders' Equity	$125,035	$130,524

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

CONSOLIDATED STATEMENTS OF INCOME

	Year Ended July 31,		
	2002	2001	2000
	(IN THOUSANDS, EXCEPT FOR PER SHARE DATA)		
NET SALES	$162,345	$160,669	$164,044
COST OF SALES	131,265	131,804	127,434
GROSS PROFIT	31,080	28,865	36,610
NON-RECURRING FEE	--	4,278	--
LOSS ON IMPAIRED LONG-LIVED ASSETS	(3,213)	--	--
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	(27,878)	(28,977)	(29,617)
RESTRUCTURING AND SPECIAL CHARGES	--	--	(1,239)
(LOSS) INCOME FROM OPERATIONS	(11)	4,166	5,754
OTHER INCOME (EXPENSE)			
Interest income	295	235	206
Interest expense	(2,575)	(2,916)	(3,185)
Foreign exchange losses	(133)	(228)	(173)
Other investment (loss) income	(187)	(76)	254
Gain on the Sale of Mineral Rights	769	--	--
Other, net	283	288	192
Total Other Expense, Net	(1,548)	(2,697)	(2,706)
(LOSS) INCOME BEFORE INCOME TAXES	(1,559)	1,469	3,048
INCOME TAXES (BENEFIT) PROVISION	(465)	556	821
NET (LOSS) INCOME	$ (1,094)	$ 913	$ 2,227
NET (LOSS) INCOME PER SHARE			
Basic	$ (0.19)	$ 0.16	$ 0.39
Dilutive	$ (0.19)	$ 0.16	$ 0.39
AVERAGE SHARES OUTSTANDING			
Basic	5,614	5,613	5,647
Dilutive	5,671	5,613	5,677

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

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(IN THOUSANDS)

	Common & Class B Stock	Additional Paid-In Capital	RETAINED EARNINGS	RESTRICTED UNEARNED STOCK COMPENSATION	TREASURY STOCK	ACCUMULATED OTHER COMPREHENSIVE INCOME	TOTAL STOCK-HOLDERS' EQUITY
BALANCE, JULY 31, 1999	$ 724	$ 7,702	$90,430	$ (9)	$(23,181)	$ (1,159)	$74,507
Net Income	--	--	2,227	--	--	--	2,227
Cumulative Translation Adjustments	--	--		--	--	(151)	(151)
Total Comprehensive Income							2,076
Dividends Declared	--	--	(1,900)	--	--	--	(1,900)
Purchases of Treasury Stock	--	--		--	(1,751)	--	(1,751)
Issuance of Stock Under 1995 Long-Term Incentive Plan	--	(4)		(33)	37	--	-
Authorization of Restricted Common Stock Compensation	--	--		32	--	--	32
BALANCE, JULY 31, 2000	724	7,698	90,757	(10)	(24,895)	(1,310)	72,964
Net Income	--	--	$913	--	--	--	913
Cumulative Translation Adjustments	--	--	--	--	--	(164)	(164)
Total Comprehensive Income							749
Dividends Declared	--	--	(1,892)	--	--	--	(1,892)
Purchases of Treasury Stock	--	--	--	--	(3)	--	(3)
Issuance of Stock Under 1995 Long-Term Incentive Plan	--	(31)	--	(43)	74	--	-
Authorization of Restricted Common Stock Compensation	--	--	--	28	--	--	28
BALANCE, JULY 31, 2001	724	7,667	89,778	(25)	(24,824)	(1,474)	71,846
Net (Loss)							
Cumulative Translation Adjustments							
Total Comprehensive (Loss)							
Dividends Declared							
Purchase of Treasury Stock							
Issuance of Stock Under 1995 Long-Term Incentive Plan		10					
Authorization of Restricted Common Stock Compensation							
BALANCE, JULY 31, 2002	$ 724	$ 7,667					

(1,094)				(1,094)
			186	186
				-------
				(908)

(1,894)				(1,894)
		(4)		(4)
				10
				-
	21			21
- --------	-----	--------	--------	-------
$86,790	$ (4)	$(24,828)	$ (1,288)	$69,071
========	=====	========	========	=======

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended July 31,		
	2002	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES	(IN THOUSANDS OF DOLLARS)		
Net (loss) income	$(1,094)	$ 913	$ 2,227
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Depreciation and amortization	8,785	9,089	9,099
Non-cash restructuring and special charges	--	--	716
Deferred income taxes	(817)	(549)	439
Provision for bad debts	409	142	23
Loss on impaired assets	3,213	--	--
(Gain) loss on the sale of fixed assets	(78)	237	(9)
(Increase) decrease in:			
Accounts receivable	2,443	(13)	913
Other receivables	1,472	(187)	(1,439)
Inventories	3,647	1,483	(1,763)
Prepaid overburden removal expense	119	(1,411)	(683)
Prepaid expenses	643	1,298	(911)
Other assets	(8)	377	(2,425)
Increase (decrease) in:			
Accounts payable	(671)	988	(38)
Accrued expenses	220	3,250	(410)
Deferred compensation	185	(344)	(94)
Other	(292)	(320)	302
Total Adjustments	19,270	14,040	3,720
Net Cash Provided by Operating Activities	18,176	14,953	5,947
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(4,096)	(5,609)	(6,001)
Proceeds from sale of property, plant and equipment	319	496	12
Purchases of investment securities	(9,639)	(2,487)	(1,219)
Dispositions of investment securities	1,814	2,450	1,225
Net Cash Used in Investing Activities	(11,602)	(5,150)	(5,983)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal payments on long-term debt	(2,156)	(4,777)	(2,226)
Proceeds from issuance of long-term debt	--	--	3,033
Dividends paid	(1,894)	(1,892)	(1,911)
Purchase of Treasury stock	(4)	(3)	(1,751)
Other	190	(75)	(83)
Net Cash (Used in) Provided by Financing Activities	(3,864)	(6,747)	(2,938)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,710	3,056	(2,974)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,444	1,388	4,362
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 7,154	$ 4,444	$ 1,388

The accompanying notes are an integral part of the 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 subsidiaries, all of which are wholly owned. All significant intercompany balances and transactions have been eliminated from the consolidated financial statements.

MANAGEMENT USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 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.

No provision has been made for possible income taxes which may be paid on the distribution of approximately $18,391,000 and $16,082,000 as of July 31, 2002 and 2001, respectively, of 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.

RECLASSIFICATION

Certain items in prior year financial statements have been reclassified to conform to the presentation used in fiscal 2002.

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.

CASH EQUIVALENTS AND INVESTMENTS IN TREASURY SECURITIES

Cash equivalents are highly liquid investments with maturities of three months or less when purchased. Investments in treasury securities are carried at cost, plus accrued interest, which approximates market.

INVENTORIES

Inventories are valued at the lower of cost (first-in, first-out) or market. The Company recorded additional inventory obsolescence reserves of approximately $275,000, $100,000, and $0 in the years 2002, 2001 and 2000, respectively. The composition of inventories as of July 31, 2002 is as follows:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

	2002	2001
	(IN THOUSANDS)	
Finished goods	$ 6,673	$ 9,473
Packaging	3,368	4,029
Other	1,757	1,943
	$11,798	$15,445

PREPAID OVERBURDEN REMOVAL

As part of its overall operations, the Company mines sorbent materials on property that it either owns or leases. A significant part of the overall mining cost is incurred during the process of removing the overburden (non-usable material) from the land, thus exposing the sorbent material that is then used in a majority of the Company's production processes. The cost of the overburden removal is recorded in a prepaid expense account and, as the usable sorbent material is mined, the prepaid expense is amortized over the estimated available material. The Company had $3,678,000 and $3,797,000 of prepaid expense recorded on its consolidated balance sheet, as of July 31, 2002 and July 31, 2001, respectively.

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 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 3. 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	2-20
Office furniture and equipment	2-10
Vehicles	2-8

RESEARCH AND DEVELOPMENT

Research and development costs of $1,955,000, $1,953,000 and $1,951,000 were charged to expense as incurred for the years ended July 31, 2002, 2001 and 2000, respectively.

INTANGIBLES AND GOODWILL

Intangibles and goodwill are amortized on a straight-line basis over periods ranging from 15 to 40 years. The Company periodically reviews goodwill and other intangibles to assess recoverability from projected undiscounted cash flows of the related operating entities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Advertising expenses were $1,227,000, $1,940,000 and $2,518,000 for the years ended July 31, 2002, 2001 and 2000, respectively.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Non-derivative financial instruments included in the consolidated balance sheets 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, 2002 and 2001. 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, 2002 was greater than its carrying value by approximately $998,000 and less than its carrying value by approximately $201,000 as of July 31, 2001.

INTEREST RATE SWAP AGREEMENTS

An interest rate swap agreement, which expires on May 1, 2013, is utilized to manage interest rate exposure. Interest differentials on the swap contract are recorded as interest expense as incurred. The Company recognized additional interest expense of $15,000, $7,500 and 7,400 in fiscal years 2002, 2001 and 2000 respectively, as a result of this contract.

NEW ACCOUNTING STANDARDS

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." In June 2000, the FASB issued SFAS No. 138, "Accounting for Derivative Instruments and Certain Hedging Activities an amendment of SFAS No. 133," (SFAS No. 138), which was required to be adopted in years beginning after June 15, 2000. One of the primary amendments to SFAS No. 133 establishes a "normal purchases and normal sales" exception. This exception permits companies to exclude contracts, which provide for the purchase or sale of something other than a financial derivative instrument that will be delivered in quantities expected to be used or sold by the entity over a reasonable period of time in the normal course of business operations. The Company has forward purchase contracts for certain natural gas commodities that qualify for the "normal purchase" exception provisions of the amended statement. The adoption of SFAS No. 133 as amended by SFAS No. 138 had no material impact on either the financial position or results of operations.

In September 2000, the Emerging Issues Task Force (EITF) issued EITF 00-10, "Accounting for Shipping and Handling Fees and Costs." Under the provisions of EITF 00-10, amounts billed to a customer in a sales transaction related to shipping and handling should be classified as revenue. Effective May 1, 2001, the Company adopted EITF 00-10, which did not have an effect on the amounts classified as revenue or costs of other services. The adoption had no impact on the determination of net income.

Effective May 1, 2001, the Company adopted Staff Accounting Bulletin No. 101 (SAB 101), "Revenue Recognition in Financial Statements." SAB 101 provides the Securities and Exchange Commission's views in applying accounting principles generally accepted in the United States to revenue recognition in the financial statements. The adoption of SAB 101 did not have an effect on the financial statements of the Company.

In June 2001, the FASB issued SFAS No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets", effective for years beginning after December 15, 2001. Under the new rules, goodwill and certain intangible assets will no longer be amortized, but will be subject to annual impairment tests in accordance with the Statements. Other intangible assets will continue to be amortized over their useful lives. The pooling of interest method is no longer permitted for business combinations after June 30, 2001. Adoption is

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

required for fiscal years beginning after December 15, 2001. Management is currently conducting a review of the estimated fair market value of the business segments impacted by the new pronouncement, using a combination of discounted cash flow techniques and outside appraiser's evaluations. Management is still assessing the effects adoption of SFAS No. 142 will have on its financial position, liquidity, or results of operations. Upon adoption, the Company's amortization expense will be reduced by approximately $174,000 annually.

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations," effective for years beginning after June 15, 2002. Under the new rules, the fair value of a liability for an asset retirement obligation is recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. Adoption is required for fiscal years beginning after June 15, 2002. Based upon a preliminary analysis, management does not expect any material implications for the Company's financial statements.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," effective for years beginning after December 15, 2001, which supersedes the accounting and reporting for the impairment and disposal of long-lived assets under SFAS No. 121 and APB No. 30. Also, ARB No. 51 has been amended to eliminate the exception for consolidation for a temporary subsidiary. Adoption is required for fiscal years beginning after December 15, 2001. Management has and will continue to evaluate the Company's long-lived assets in compliance with SFAS 121 and SFAS 144 when effective. Please see Note 2 of the "Notes to Consolidated Financial Statements" for a discussion of an impairment loss recorded in the fourth quarter of fiscal 2002.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." The standard requires companies to recognize costs associated with exit or disposal activities when they are incurred rather than at the date of a commitment to an exit or disposal plan. SFAS No. 146 is to be applied prospectively to exit or disposal activities initiated after December 31, 2002. Management is still assessing the effects adoption of SFAS No. 146 will have on its financial position, liquidity, or results of operations.

In July 2001, the EITF reached a final consensus on Issue 00-25, "Accounting for Consideration from a Vendor to a Retailer in Connection with the Purchase or Promotion of the Vendor's Products." The consensus addresses the accounting treatment and income statement classification for certain sales incentives, including cooperative advertising arrangements, buy-downs and slotting fees. The consensus requires that slotting fees, classified by the Company as selling, general and administrative expense, be reclassified as a reduction of gross sales.

The Company was required to adopt EITF No. 00-25 for the third quarter ending April 30, 2002, but elected to adopt it for slotting in the second quarter ending January 31, 2002. The Company fully completed the adoption for buy-downs and cooperative advertising arrangements in the third quarter ending April 30, 2002. The effect of the adoption of EITF No. 00-25 resulted in a reclassification of expenses and a restatement to reduce previously reported net sales and SG&A expenses. The effect of these reclassifications resulted in a reduction in net sales and a corresponding decrease in SG&A expenses of $7,193,000 and $7,688,000 for the fiscal years ended July 31, 2001 and 2000, respectively.

In 2000, the EITF discussed a number of topics related to certain expenses that the Company reports in merchandising expenses, a component of SG&A expenses. In January 2001, the EITF issued No. 00-22, which requires certain rebate offers and free products that are delivered subsequent to a single exchange transaction to be recognized when incurred and reported as a reduction of revenue. EITF No. 00-14 was issued in May 2000 and subsequently amended in November 2000. This guidance requires certain coupon, rebate offers and free products offered concurrently with a single exchange transaction with a customer to be recognized when incurred and reported as revenue. The Company was required to adopt EITF No. 00-22 and No. 00-14 for the third quarter ending April 30, 2001, and the fourth quarter ending July 31, 2001, respectively. The effect of the adoptions of EITF No. 00-22 and No. 00-14 resulted in a reclassification of expenses and a restatement to reduce previously reported net sales and

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SG&A expenses. The effect of these reclassifications resulted in a reduction in net sales and a corresponding decrease in SG&A expenses of $3,449,000 and $3,388,000 for the years ended July 31, 2001 and 2000, respectively.

NOTE 2 - SPECIAL CHARGES, FEES AND CHANGES IN ACCOUNTING ESTIMATES

SPECIAL CHARGES

In the second quarter of fiscal 2000, the Company recorded a pre-tax restructuring charge of $1,239,000 against income from operations, as follows (in thousands):

Severance costs	$ 604
Non-performing asset	635
Restructuring charge	$ 1,239

The severance costs were related to a realignment of the Company's personnel costs to bring them more in line with the then current levels of sales and profitability. The severance accrual represented 13 employees that were terminated during fiscal 2000. The majority of the positions terminated were at the selling, general and administrative level.

The net book value of the non-performing asset consisted of specific production equipment that has been decommissioned. The equipment had been used primarily in the Agricultural Products segment. The net book value of this asset was approximately 1% of the net book value of all fixed assets outstanding as of January 31, 2000.

At July 31, 2001, none of the restructuring charges remained in current liabilities. A summary of the balance sheet activity for the years ended July 31 is presented below (in thousands):

	2002	2001	2000
Beginning balance.............	$ --	$ 81	$ --
Restructuring and special charges	--	--	1,239
Utilization of special charges:			
Transportation business exit costs......	--	--	--
Write-off of non-performing assets......	--	--	--
Other exit costs.......................	--	--	--
Utilization of restructuring charge:			
Severance costs........................	--	(81)	(523)
Write-off of non-performing assets......	--	--	(635)
Balance at end of year.....................	$ --	$ --	$ 81

NON-RECURRING FEE

On April 23, 2001, the Company signed two new long-term supply contracts with a major customer. At that time the old long-term supply contract between the Company and this customer was terminated and the Company received a pre-tax termination fee of $4,278,000, of which $2,200,000 was received in fiscal 2001 and the balance was received in fiscal 2002.

NOTE 2 - SPECIAL CHARGES, FEES AND CHANGES IN ACCOUNTING ESTIMATES (CONTINUED)

CHANGE IN ACCOUNTING ESTIMATE FOR PREPAID OVERBURDEN REMOVAL EXPENSE

During the second quarter of fiscal 2002, an internal review of the estimated amount of uncovered mineable clay took place at the Company's Georgia production complex. The quantity of uncovered clay is one of the key elements in the amortization of the prepaid overburden removal account balance. The review led to a change in the estimated amount of uncovered clay. This estimate change then caused a change in the amortization of the prepaid overburden removal account. The impact of this estimate revision for fiscal 2002 was an additional pre-tax charge to cost of goods sold of approximately $1,092,000 versus the previous estimate. The estimate change also increased the amortization rate approximately $1.31 per ton of uncovered mineable clay. Based on the current ending estimate of uncovered clay the Company will have to amortize the prepaid overburden removal account balance using the increased rate for approximately the next 4 to 6 months. Thereafter, going forward management believes that overburden removal expense should return to historical rates.

SALE OF MINERAL RIGHTS

During the third quarter of fiscal 2002, the Company reported a $769,000 pre-tax gain when it elected to sell certain mineral leases on land in northern Florida. The land contained minerals for a market that the Company was not actively planning to pursue. The mineral rights, had they been pursued, would have been associated with the Company's Specialty Products Group.

RENO PROCESSING PLANT

On February 26, 2002, the Washoe County Commission voted 3 to 2 not to grant Oil-Dri a Special Use Permit to build the Company's proposed processing plant in Reno, Nevada. The Company has decided not to appeal the Commission's decision. On April 11, 2002, the Company filed suit against the County Commission in Federal District Court in Nevada to recoup damages sustained when it was denied a Special Use Permit to establish a mining operation in Hungry Valley. The suit claims that the County Commission exceeded their statutory authority in denying the Company the opportunity to mine on federal land. The Company expects that the suit will be scheduled for a hearing in early fall.

During the latter part of the fourth quarter of fiscal 2002, the Company reviewed both properties in Washoe County, Nevada for possible long-term asset impairment. The decision to review the properties was driven by a combination of the February 26, 2002, County Commission decision and the successful completion in June of 2002 of a significant geographic distribution change with Wal-Mart.

The accumulated cost of the Reno project that was reviewed for impairment was approximately $3,734,000. This value included the cost of purchased land, water and mineral rights, legal fees associated with the land and water rights purchases, consulting fees for the design of the proposed facility, fees associated with an environment impact study, various mining exploration costs, Company overhead costs for the project, machinery costs and finally various legal and consulting fees associated with the preparation and presentation of the special use permit.

The accumulated cost of the other Washoe County property was approximately $1,114,000. This value included the purchase price of the land and associated costs and mineral exploration costs.

Based on the February 26, 2002 determination of the County Commission and the geographic distribution change with Wal-Mart, the Company determined that a significant portion of the costs of both properties was impaired. Therefore, a pre-tax loss on impaired long-lived assets of $3,213,000 was recognized in the fourth quarter of fiscal 2002 to write down the accumulated costs associated with these projects and the reduction in the value of assets remaining to the current fair market value. The main business segment impacted by this impairment was the Company's Consumer Products group.

NOTE 3 - OPERATING SEGMENTS

SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information" establishes standards for reporting information about operating segments. Under this standard, the Company has four reportable operating segments: Consumer Products Group, Specialty Products Group, Crop Production and Horticultural Products Group, and Industrial and Automotive Products Group. These segments are managed separately because each business has different economic characteristics.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

Because management does not rely on segment asset allocation, information regarding segment assets is not meaningful and therefore is not reported.

	YEAR ENDED JULY 31					
	NET SALES			INCOME		
	2002	2001	2000	2002	2001	2000
	(IN THOUSANDS OF DOLLARS)					
Consumer Products(3)(4)	$101,042	$100,728	$104,539	$10,175	$ 7,522	$13,432
Specialty Products Group(4)	24,499	23,678	24,919	4,280	2,451	3,951
Crop Production and Horticulture(4)	17,154	16,691	15,949	2,350	1,535	1,491
Industrial and Automotive Products(4)	19,650	19,572	18,637	18	(389)	188
TOTAL SALES/OPERATING INCOME	$162,345	$160,669	$164,044	16,823	11,119	19,062
Nonrecurring Fee(2)				--	4,278	--
Gain on the Sale of Mineral Rights(1)				769	--	--
Less:						
Loss on Impaired Assets				3,213	--	--
Special Charges				--	--	1,239
Corporate Expenses				13,658	11,247	11,796
Interest						
Interest Expense, net of interest income				2,280	2,681	2,979
(LOSS) INCOME BEFORE INCOME TAXES				(1,559)	1,469	3,048
INCOME TAXES (BENEFIT) PROVISION				(465)	556	821
NET (LOSS) INCOME				$(1,094)	$ 913	$ 2,227

(1) See Note 2 for a discussion of the gain on the sale of mineral rights.
(2) See Note 2 for a discussion of the non-recurring fee recorded in fiscal 2001.
(3) See Note 1 for a discussion of the restatement of Net Sales for fiscal 2002, 2001 and 2000.
(4) Internal restatement of 2001 and 2000 costs in 2002 resulting in reallocation of manufacturing variances among the segments.

NOTE 3 - OPERATING SEGMENTS (CONTINUED)

The following is a summary of financial information by geographic region for the years ended July 31:

	2002	2001	2000
	(IN THOUSANDS)		
Sales to unaffiliated customers:			
Domestic........................	$151,591	$149,761	$151,611
Foreign subsidiaries............	$ 10,754	$ 10,908	$ 12,433
Sales or transfers between geographic areas:			
Domestic........................	$ 5,000	$ 5,243	$ 6,708
(Loss) Income before income taxes:			
Domestic........................	$ (1,614)	$ 2,006	$ 3,064
Foreign subsidiaries............	$ 55	$ (537)	$ (16)
Net (Loss) Income:			
Domestic........................	$ (1,187)	$ 1,238	$ 2,254
Foreign subsidiaries............	$ 93	$ (325)	$ (27)
Identifiable assets:			
Domestic........................	$115,493	$120,715	$122,761
Foreign subsidiaries............	$ 9,542	$ 9,809	$ 10,083

The Company's largest customer accounted for the following percentage of consolidated net sales and net accounts receivable under the Consumer Products segment:

	2002	2001	2000
Sales for the years ended July 31....	22%	21%	20%
Accounts receivable as of July 31....	26%	25%	26%

NOTE 4 - NOTES PAYABLE

The composition of notes payable at July 31 is as follows:

	2002	2001
	(IN THOUSANDS)	
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 rate was 1.95% and 4.00% in fiscal 2002 and 2001, respectively. Payment of these bonds by the Company is guaranteed by a letter of credit issued by Harris Trust and Savings Bank	$ 2,500	$ 2,500
Teachers Insurance and Annuity Association of America Final principal installment payable on November 15, 2001. Interest was payable semiannually at an annual rate of 9.38%	--	1,000
Teachers Insurance and Annuity Association of America Payable in annual principal installments on August 15: $1,000,000 in fiscal 2003; and $2,500,000 in fiscal 2004 and 2005. Interest is payable semiannually at an annual rate of 7.17%	6,000	6,500
Harris Trust and Savings Bank Payable in annual principal installments on June 20: $350,000 in fiscal 2003. Interest is payable quarterly at an annual rate of 7.78%	350	1,000
Teachers Insurance and Annuity Association of America and Connecticut General Life Insurance Company Payable in annual principal installments on April 15: $1,500,000 in fiscal 2003, 2004 and 2005; $3,000,000 in fiscal 2006; $4,000,000 in fiscal 2007 and 2008; $1,500,000 in fiscal 2009; $3,000,000 in fiscal 2010; $2,000,000 in fiscal 2011; and $1,500,000 in fiscal 2012 and 2013. Interest is payable semiannually at an annual rate of 6.55%	25,000	25,000
Other	400	406
	$ 34,250	$ 36,406
Less current maturities of notes payable	(2,850)	(2,150)
	$ 31,400	$ 34,256

On January 29, 1999, the Company entered into a Credit Agreement with Harris Trust and Savings Bank, which provides for up to $15,000,000 in committed unsecured revolving credit loans and/or letters of credit (not to exceed $5,000,000). In May 2002, the Company reduced this facility to $7,500,000 and amended the definition of Consolidated EBITDA used for covenant compliance purposes to exclude non-cash charges, not in excess of $3,600,000 relating to the write-off of its equity investment in the Washoe County, Nevada, project and/or certain other costs associated with the possible write-off of a western production facility. Please see Note 2, "Notes to Consolidated Financial Statements" for a description of a write-down totaling $3,213,000 in 2002. However, no decision has been taken at this time regarding the possible write-off of the western production facility. This agreement terminates on January 29, 2004, or such earlier date as provided for in the agreement. Additionally, the Company decreased its uncommitted line

NOTE 4 - NOTES PAYABLE (CONTINUED)

of credit agreement, which is renewable on an annual basis, with Harris Trust and Savings Bank to $15,000,000 in fiscal 1999. There were not any outstanding borrowings against this facility at July 31, 2002 and 2001.

In January 2001, the note agreement for the $25,000,000 private debt placement was amended to modify the fixed charges ratio covenant contained therein from the original ratio of 1.5 to 1.0 to new ratios as follows: (i) for the period ending November 1, 2000 through April 30, 2001 to 1.00 to 1.00; (ii) for the period ending May 1, 2001 through October 31, 2001 to 1.15 to 1.00; (iii) for the period ending November 1, 2001 through July 31, 2002 to 1.25 to 1.00; (iv) and for the period ending August 1, 2002 and thereafter to 1.50 to 1.00. Additionally, prior note agreements dated as of April 15, 1993 and April 15, 1991 with Teachers Insurance and Annuity Association have also been amended to add a fixed charges coverage ratio covenant at substantially the same terms as those in the note agreement dated as of April 15, 1998 as amended.

In July 2002, the 1993 and 1998 note agreements were further amended to modify the fixed charge covenant ratio for periods beginning May 1, 2002, as follows: (i) for the period May 1, 2002 through July 31, 2002 the ratio test was waived by the noteholders; (ii) for the periods ending August 1, 2002 through January 31, 2002 to 1.00 to 1.00; (iii) for the periods ending February 1, 2003 through October 31, 2003 to 1.25 to 1.00; (iv) and for the periods ending November 1, 2003 and thereafter to 1.50 to 1.00. Also, for any fiscal quarter ending on or after July 31, 2002 an additional interest charge of 0.25% is imposed if the fixed charge coverage ratio is less than 1.25 to 1.00 for the quarter ended July 31, 2002 and 1.50 to 1.00 for periods thereafter. Finally, the definition of Consolidated Net Income for covenant compliance purposes also has been amended to exclude non-cash charges incurred by the Company on or before July 31, 2003, relating to the write-off of the Company's equity investments in the Washoe County, Nevada projects and other costs associated with the possible write-off of a western production facility. Please see Note 2, "Notes to Consolidated Financial Statements" for a description of a write-down totaling $3,213,000 in 2002. The aggregate amount of these write-offs cannot be in excess of $4,700.000. No decision has been taken at this time regarding the possible write-off of the western production facility.

The agreements with the Town of Blue Mountain, Mississippi, Teachers Insurance and Annuity Association of America, Harris Trust and Savings Bank and Connecticut General Life Insurance Company impose working capital requirements, dividend and financing limitations, minimum tangible net worth requirements and other restrictions. The Company's new 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 40% of cumulative annual earnings from July 31, 1998.

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, 2002:

	(IN THOUSANDS)
2004....................................	$ 4,000
2005	4,080
2006....................................	3,080
2007....................................	4,080
Later years.............................	16,160

	$31,400

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NOTE 5 - INCOME TAXES

The provision for income tax expense consists of the following:

	2002	2001	2000
	(IN THOUSANDS)		
Current			
Federal	$ 426	$ 586	$(1,450)
Foreign	(14)	(212)	11
State	(59)	74	(409)
	353	448	(1,848)
Deferred			
Federal	629	65	1,046
Tax effect of operating loss carryforward, net	(1,630)	--	1,371
Foreign	--	--	--
State	183	43	252
	(818)	108	2,669
Total Income Tax Provision (Benefit)	$ (465)	$ 556	$ 821

Principal reasons for variations between the statutory federal rate and the effective rates for the years ended July 31 were as follows:

	2002	2001	2000
U.S. federal income tax rate	(34.0)%	34.0%	34.0%
Depletion deductions allowed for mining	(11.4)	(13.0)	(5.0)
State income tax expense (benefit), net of federal tax (benefit) /expense.	(5.3)	5.3	(3.4)
Valuation allowance without income tax benefit	22.9	--	(3.3)
Difference in effective tax rate of foreign subsidiaries	(2.1)	(0.2)	(0.1)
Alternative minimum and foreign tax credits	--	5.4	3.8
Other	0.1	6.4	0.9
	(29.8)%	37.9%	26.9%

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

	2002		2001	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES
	(IN THOUSANDS)			
Depreciation	$ --	$ 466	$ --	$ 810
Deferred compensation	1,121	--	1,075	--
Postretirement benefits	569	--	560	--
Allowance for doubtful accounts	142	--	721	--
Other assets	417	--	791	--
Accrued expenses	308	--	421	--
Tax credits	199	--	397	--
Other assets	52	--	--	--
Operating loss carryforward	1,987	--	--	--
	4,795	466	3,965	810
Valuation allowance	(357)	--	--	--

Total deferred taxes..............	$4,438	$ 466	$3,965	$ 810

NOTE 5 - INCOME TAXES (CONTINUED)

As of July 31, 2002, for federal income tax purposes there were alternative minimum tax credit carryforwards of approximately $199,000 and regular tax operating loss carryforwards of approximately $5,244,000. The operating loss carryforward will expire in 2022. A valuation allowance has been established for $357,000 of the deferred tax benefit related to those operating losses which it is more likely than not that the benefit will not be realized.

NOTE 6 - STOCKHOLDERS' EQUITY

The authorized capital stock of the Company at July 31, 2002 and 2001 consisted of 15,000,000 shares of Common Stock, 7,000,000 shares of Class B Stock and 30,000,000 shares of Class A Common Stock, each with a par value of $.10 per share. 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 4 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.

The Board of Directors of the Company has authorized the repurchase of 1,916,771 shares of the Company stock. As of July 31, 2002, 1,127,920 shares of Common Stock and 342,241 shares of Class B stock have been repurchased under the various authorizations.

The number of holders of record of Common Stock and Class B stock on July 31, 2002 was 933 and 33, respectively, as reported by the Company's transfer agent. The Company's Common Stock is traded on the New York Stock Exchange. There is no established trading market for the Class B Stock.

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. On December 9, 1997, the stockholders voted to increase the number of shares available for grant under the 1995 Plan from 500,000 to 1,000,000 and further authorized the grant of Class B Shares under the Plan to certain members of the Richard M. Jaffee family. Generally, other than grants to Richard M. Jaffee family members, 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 and publicly traded on a securities exchange when such awards are exercised, the shares awarded would be Common Stock. On December 7, 1999, the stockholders voted to increase the number of shares available for grant under the 1995 Plan from 1,000,000 to 1,500,000. On June 9, 2000 the 1995 Plan was amended to provide 100% vesting and a three-year exercise period upon the death or disability of a grantee or upon a grantee's retirement with age plus years of service equal to at least 80. The Plan provides for various other types of awards. No restricted stock

NOTE 7 - STOCK OPTION PLANS (CONTINUED)

awards were made during the fiscal year ended July 31, 2002. Awards of restricted stock in the amount of 5,000 and 2,500 shares were made during the fiscal years ended July 31, 2001 and 2000, respectively. All stock option grants awarded to date under this plan have a term of ten years. Grants vest and become exercisable gradually between two and seven years.

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. As of July 31, 2002, all options outstanding are vested and exercisable.

The Company instituted the Oil-Dri Corporation of America Outside Director's Stock Plan on June 9, 1998. The Plan is administered by the Stock Option Committee. All shares of stock issued under this plan will be shares of Common Stock issued from Treasury Stock. The Plan provides for stock option grants, Restrictive Stock, Stock Awards and stock units. All awards to date under this plan are stock options that have a term of ten years and a vesting period of one year.

EQUITY COMPENSATION PLAN INFORMATION AS OF JULY 31, 2002

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (in thousands) (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for further issuance under equity compensation plans (excluding securities reflected in column (a)) (in thousands) (c)
Equity compensation plans approved by security holders	1,206	$10.50	364
Equity compensation plans not approved by security holders	195	$10.39	5

A summary of option transactions under the plans follows:

	Number of Shares (in thousands)	Weighted Average Exercise Price
Options outstanding at August 1, 1999	1,098	$12.61
Granted	177	$12.50
Exercised	--	--
Canceled	280	$12.40
Options outstanding at August 1, 2000	995	$12.65
Granted	258	$ 9.02
Exercised	--	--
Canceled	116	$13.48
Options outstanding at August 1, 2001	1,137	$11.74
Granted	310	$ 6.18

Exercised	1	$ 8.19
Canceled	45	$12.65
OPTIONS OUTSTANDING AT AUGUST 1, 2002	1,401	$10.49

NOTE 7 - STOCK OPTION PLANS (CONTINUED)

Options exercisable were 576,151, 336,325 and 189,500 as of July 31, 2002, 2001 and 2000, respectively. The weighted average exercise price of the options exercisable as of July 31, 2002, 2001 and 2000 was $12.43, $14.10 and $17.33, respectively.

The Company had reserved 350,626, 587,250 and 684,750 shares, respectively, as of July 31, 2002, 2001 and 2000 under the Oil-Dri Corporation of America 1995 Long Term Incentive Plan.

The Company had reserved 5,000, 40,000 and 120,000 shares of Common Stock, respectively, as of July 31, 2002, 2001 and 2000, under the Oil-Dri Corporation of America Outside Director's Stock Plan.

OPTIONS OUTSTANDING AND EXERCISABLE
BY PRICE RANGE AS OF 7/31/2002

Options Outstanding				Options Exercisable	
Range of Exercise Prices	Outstanding as of 7/31/2002 (in thousands)	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Shares (in thousands)	Weighted Average Exercise Price
$6.01 - $8.00	400	9.0	$ 6.59	80	$ 8.00
$8.01 - $10.00	199	8.0	$ 9.22	14	$ 8.43
$10.01 - $12.00	548	5.8	$11.25	293	$11.25
$14.01 - $16.00	183	6.0	$14.67	118	$14.69
$18.01 - $20.00	71	2.1	$19.28	71	$19.28
$6.01 - $20.00	1,401	6.9	$10.49	576	$12.43

The Company has elected to continue to account for stock-based compensation using the intrinsic value method under APB Opinion No. 25. Consequently, no compensation expense has been recognized for stock options. If compensation expense for the Company's stock options issued in the fiscal years ended July 31, 2002, 2001 and 2000 had been determined based on the fair value method of accounting, as defined in SFAS No. 123, the Company's net income and net income per share would have been reduced to the pro forma amounts indicated below:

	2002	2001	2000
	(IN THOUSANDS EXCEPT FOR PER SHARE AMOUNTS)		
Net (loss) income as reported..........	$(1,094)	$ 913	$2,227
Pro forma............................	$(1,863)	$ 235	$1,651
Net (loss) income per share as reported			
Basic...............................	$ (0.19)	$ 0.16	$ 0.39
Dilutive............................	$ (0.19)	$ 0.16	$ 0.39
Pro forma			
Basic...............................	$ (0.33)	$ 0.04	$ 0.29
Dilutive............................	$ (0.33)	$ 0.04	$ 0.29

The fair value of issued stock options is estimated on the grant date using the Black=Scholes Option Pricing Method with the following assumptions:

	2002	2001	2000
Dividend Yields....................	5.8%	4.2%	3.1%
Volatility.........................	38.1%	37.2%	30.9%
Risk=free Interest Rate............	4.7%	5.8%	6.1%
Expected Life (Years)..............	4.6	5.4	5.4

NOTE 7 - STOCK OPTION PLANS (CONTINUED)

The weighted average fair value of the options granted was $1.40, $2.45 and $3.66 for the fiscal years ended July 31, 2002, 2001 and 2000, respectively.

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 consists of the following:

	2002	2001	2000
		(IN THOUSANDS)	
Service cost	$ 534	$ 424	$ 499
Interest cost on projected benefit obligations	763	681	642
Expected return on plan assets	(912)	(977)	(904)
Net amortization and deferral	3	(121)	(105)
Net pension cost	$ 388	$ 7	$ 132

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

	2001	2000
	(IN THOUSANDS)	
Fair Value of Plan Assets (Less) Greater Than Projected Benefit Obligations	$ (2,159)	$ (435)
Unrecognized Net Loss (Gain)	840	(929)
Unrecognized Prior Service Cost	481	526
Unrecognized Net Liability (Asset) at Transition	(158)	(185)
Accrued Pension Included in Noncurrent Liabilities--Other	$ (996)	$(1,023)

Reconciliation of the assets and liabilities of the plans at July 31 is as follows:

	2001	2000
	(IN THOUSANDS)	
Change in Plan Assets:		
Plan assets at fair value, beginning of year	$ 10,201	$11,040
Actual return on plan assets	(727)	(473)
Contributions	415	--
Benefits paid	(424)	(366)
Plan assets at fair value, end of year	$ 9,465	$10,201
Change in Projected Benefit Obligation:		
Projected benefit obligation, beginning of year	$ 10,636	$ 8,700
Service cost	534	424
Interest cost	763	681
Change in discount rate	--	1,080
Other assumption changes	--	--
Plan amendments	4	39
Actuarial loss	111	78
Benefits paid	(424)	(366)
Projected benefit obligation, end of year	$ 11,624	$10,636

NOTE 8 - EMPLOYEE BENEFIT PLANS (CONTINUED)

Assumptions used in the previous calculations are as follows:

	2002	2001
Discount rate..................................	7.3%	7.3%
Rate of increase in compensation levels..........	4.5%	4.5%
Long-term expected rate of return on assets......	9.0%	9.0%

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, 2002, 2001 and 2000, the Company maintained a 401(k) savings plan under which the Company matches a portion of employee contributions. The plan is available to essentially all domestic employees at the beginning of the month following thirty or sixty days of employment. The Company's contributions to this plan, and to similar plans maintained by the Company's foreign subsidiaries, were $435,000, $445,000 and $489,000 for fiscal years 2002, 2001 and 2000, respectively.

NOTE 9 - DEFERRED COMPENSATION

In December 1995, the Company adopted the Oil-Dri Corporation of America Deferred Compensation Plan. This plan has permitted Directors and certain management employees to defer portions of their compensation and earn interest on the deferred amounts. During the period January 1, 1999 through September 30, 2000, participants' returns were tied to the performance of various investment elections. The compensation, which has been deferred since the inception of the original plan, has been accrued as well as earnings thereon.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

The Company became a guarantor of certain leases for transportation equipment reassigned to CRST International, Inc. (CRST) during fiscal 1998, when exiting the transportation business. The remaining payment due under these lease agreements by CRST is $65,000 for fiscal year 2003.

The Company is involved in various litigation of a nature that is normal to its business. While it is impossible at this time to determine with certainty the ultimate outcome of these or other lawsuits, each lawsuit is either covered by insurance or adequate provisions have been made for probable losses with respect thereto as can best be determined at this time. Management therefore believes that none of the pending litigation will have a material adverse effect on the financial condition of the Company or on results of operations.

NOTE 11 - 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 in Chicago, Illinois (20,000 square feet), office, production and warehouse space in Alpharetta, Georgia (26,000 square feet), office and production facilities in Kiel, Wisconsin (16,000 square feet) and office facilities in Europe. The office space in Chicago is subject to a lease expiring in fiscal 2018. The Alpharetta, Georgia lease expires in fiscal 2003. The facilities in Europe and Kiel, Wisconsin are leased on a year-to-year basis.

NOTE 11 - LEASES (CONTINUED)

In addition, the Company leases vehicles, railcars, mining property and equipment, warehouse space, data processing equipment, and 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, 2002:

	(IN THOUSANDS)
2003	$ 2,137
2004	1,948
2005	1,048
2006	1,007
2007	915
Later years	8,065
	$15,120

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, as of the years ended July 31:

	2002	2001	2000
	(IN THOUSANDS)		
Vehicles and Railcars	$ 880	$ 941	$1,099
Office facilities	496	485	480
Warehouse facilities	379	408	452
Mining properties			
Minimum	181	192	191
Contingent	516	430	295
Other	859	646	594
	$3,311	$3,102	$3,111

Contingent mining royalty payments are determined based on the tons of raw clay mined.

NOTE 12 - OTHER CASH FLOW INFORMATION

Cash payments (refunds) for interest and income taxes were as follows:

	2002	2001	2000
	(IN THOUSANDS)		
Interest	$2,283	$2,619	$2,836
Income taxes	$1,057	$(743)	$2,051

NOTE 13 - SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

A summary of selected information for 2002 and 2001 is as follows:

	Fiscal 2002 Quarter Ended				
	October 31	January 31	April 30	July 31	Total
	(IN THOUSANDS EXCEPT PER SHARE AMOUNTS)				
Net Sales.............	$40,023	$43,780	$39,261	$39,281	$162,345
Gross Profit..........	$ 7,857	$ 7,947	$ 7,270	$ 8,006	$ 31,080
Net Income (Loss).....	$ 267	$ 74	$ 504	$(1,939)	$ (1,094)
Net Income (Loss) Per Share					
Basic...............	$ 0.05	$ 0.01	$ 0.09	$ (0.35)	$ (0.19)
Dilutive............	$ 0.05	$ 0.01	$ 0.09	$ (0.34)	$ (0.19)
Dividends Per Share					
Common..............	$ 0.09	$ 0.09	$ 0.09	$ 0.09	$ 0.36
Class B.............	$ 0.07	$ 0.07	$ 0.07	$ 0.07	$ 0.27
Company Common Stock Price Range:					
High................	$ 8.15	$ 8.20	$ 10.25	$ 10.20	
Low.................	$ 5.75	$ 6.00	$ 7.67	$ 7.20	

	Fiscal 2002 Quarter Ended				
	October 31	January 31	April 30	July 31	Total
	(IN THOUSANDS EXCEPT PER SHARE AMOUNTS)				
Net Sales.............	$40,646	$43,457	$39,573	$36,993	$160,669
Gross Profit..........	$ 8,447	$ 7,723	$ 6,846	$ 5,849	$ 28,865
Net Income (Loss).....	$ 433	$ (261)	$ 1,906	$(1,165)	$ 913
Net Income (Loss) Per Share					
Basic...............	$ 0.08	$(0.05)	$ 0.34	$ (0.21)	$ 0.16
Dilutive............	$ 0.08	$(0.05)	$ 0.34	$ (0.21)	$ 0.16
Dividends Per Share					
Common..............	$ 0.09	$ 0.09	$ 0.09	$ 0.09	$ 0.36
Class B.............	$ 0.07	$ 0.07	$ 0.07	$ 0.07	$ 0.27
Company Common Stock Price Range:					
High................	$ 10.00	$ 9.50	$ 9.20	$ 8.35	
Low.................	$ 6.50	$ 6.44	$ 6.92	$ 7.50	

INDEPENDENT AUDITOR'S REPORT

STOCKHOLDERS AND BOARD OF DIRECTORS
OIL-DRI CORPORATION OF AMERICA

We have audited the consolidated balance sheets of OIL-DRI CORPORATION OF AMERICA AND SUBSIDIARIES as of July 31, 2002 and 2001, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended July 31, 2002. In connection with our audits of the consolidated financial statements, we have also audited the financial statement schedule as listed in Item 14(a). These consolidated financial statements and the financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and the financial statement schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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, 2002 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended July 31, 2002, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the related financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

BLACKMAN KALLICK BARTELSTEIN, LLP

Chicago, Illinois

September 10, 2002

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS 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 set forth below concerning the Board of Directors and information in Part I, hereof, concerning executive officers) contained in the Registrant's Proxy Statement for its 2002 Annual Meeting of stockholders ("Proxy Statement") under the caption "1. Election of Directors" and is incorporated herein by this reference.

Board of Directors

Richard M. Jaffee
CHAIRMAN

Daniel S. Jaffee
PRESIDENT AND CHIEF EXECUTIVE OFFICER

J. Steven Cole(1)
PRESIDENT, COLE & ASSOCIATES

Arnold W. Donald
CHAIRMAN AND CHIEF EXECUTIVE OFFICER, MERISANT COMPANY

Ronald B. Gordon
PRESIDENT AND CHIEF OPERATING OFFICER
NICE-PAK PRODUCTS, INC.

Thomas D. Kuczmarski
SENIOR PARTNER AND PRESIDENT,
KUCZMARSKI & ASSOCIATES, INC.

Joseph C. Miller
VICE-CHAIRMAN

Paul J. Miller
PARTNER, SONNENSCHEIN NATH & ROSENTHAL

Allan H. Selig(2)
PRESIDENT AND CHAIRMAN,
SELIG LEASE COMPANY,
COMMISSIONER OF MAJOR LEAGUE BASEBALL

(1) Audit Committee Chair
(2) Compensation Committee Chair

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is contained in the Registrant's Proxy Statement under the captions "Executive Compensation," "Report of the Compensation and the Stock Option Committees of Oil-Dri Corporation of America 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 captions "General--Principal Stockholders" and "Security Ownership of Management" 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.

ITEM 14. CONTROLS AND PROCEDURES

Not applicable.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a)(1) The following consolidated financial statements are contained herein.

Consolidated Balance Sheets as of July 31, 2002 and July 31, 2001.

Consolidated Statements of Income for the fiscal years ended July 31, 2002, July 31, 2001 and July 31, 2000.

Consolidated Statements of Stockholders' Equity for the fiscal years ended July 31, 2002, July 31, 2001 and July 31, 2000.

Consolidated Statements of Cash Flows for the fiscal years ended July 31, 2002, July 31, 2001 and July 31, 2000.

Notes to Consolidated Financial Statements.

Independent Auditor's Report.

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

Schedule to Financial Statements, as follows:

Schedule II--Valuation and Qualifying Accounts, years ended July 31, 2002, July 31, 2001 and July 31, 2000.

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

(3)(a)[1] Articles of Incorporation of the Registrant, as amended.

(3)(b)[2] Bylaws of the Registrant, as amended June 16, 1995.

(10)(c)(1)[3] Agreement ("Clorox Agreement") dated January 12, 1981 between The Clorox Company and the Registrant, as amended. (Confidential treatment of certain portions of this Exhibit has been granted.)

(10)(c)(2)[4] 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)[5] Amendment to Clorox Agreement dated February 14, 1991, between The Clorox Company and the Registrant. (Confidential treatment of certain portions of this Exhibit has been granted.)

(10)(c)(4)[6] Memorandum of Agreement #1450 "Fresh Step"(TM), dated as of March 12, 2001 between A&M Products Manufacturing Company and Registrant. (Confidential treatment of certain portions of this Exhibit has been granted.)

(10)(c)(5)[7] Memorandum of Agreement #1465 "Jonny Cat"(R), dated as of April 18, 2001 between A&M Products Manufacturing Company and Registrant. (Confidential treatment of certain portions of this Exhibit has been granted.)

(10)(d)[8]	Description of 1987 Executive Deferred Compensation Program.*
(10)(e)(1)[9]	Salary Continuation Agreement dated August 1, l989 between Richard M. Jaffee and the Registrant ("1989 Agreement").*
(10)(e)(2)[10]	Extension and Amendment, dated October 9, 1998, to the 1989 Agreement.*
(10)(e)(3)[11]	Second Amendment, Effective October 31, 2000, to the 1989 Agreement.*
(10)(f)[12]	1988 Stock Option Plan.*
(10)(h)[14]	Note Agreement, dated as of April 15, 1993, between the Registrant and Teacher's Insurance and Annuity Association of America regarding $6,500,000 7.17% Senior Notes due August 15, 2004.
(10)(h)(1)[13]	First Amendment, dated as of January 15, 2001, to the Note Agreement dated as of April 15, 1993.
(10)(h)(2)	Second Amendment dated July 15, 2003 to Note Agreement dated as of April 15, 1993.
(10)(i)[15]	Credit Agreement, dated as of September 21, 1994, between the 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)	The Oil-Dri Corporation of America Deferred Compensation Plan adopted November 15, 1995, as amended and restated effective October 1, 2000.*
(10)(k)	The Oil-Dri Corporation of America 1995 Long Term Incentive Plan as amended and restated effective June 9, 2000.*
(10)(m)[17]	$25,000,000 Note Purchase Agreement dated as of April 15, 1998 between the Registrant and Teachers Insurance and Annuity Association of America and Cigna Investments, Inc.
(10)(m)(5)[16]	First Amendment, dated as of January 15, 2001 to the Note Agreement dated as of April 15, 1998.
(10)(m)(6)	Second Amendment dated as of July 15, 2002 to Note Agreement dated as of April 15, 1998.
(10)(n)	The Oil-Dri Corporation of America Outside Director Stock Plan as amended and restated effective October 16, 1999.*
(10)(o)[18]	$15,000,000 unsecured, committed line of credit agreement dated January 29, 1999 between the Company and Harris Trust and Savings Bank.
(10)(o)(1)	First Amendment, dated May 30, 2002 to Credit Agreement dated as of January 29, 1999.
(10)(p)[19]	$15,000,000 unsecured, uncommitted line of credit agreement dated January 29, 1999 between the Company and Harris Trust and Savings Bank.
(10)(q)[20]	Split Dollar Life Insurance Agreements dated February 26, 1999.*
(10)(r)[21]	Agreement ("Church & Dwight Agreement") dated May 19, 1999 between Church & Dwight Co., Inc. and the Registrant. (Confidential treatment of certain portions of this Exhibit has been granted.)

(b)Reports on Form 8-K.

Reports on Form 8-K were filed by the Registrant on November 13, 2000 and May 1, 2001, reporting on Item 5., other events.

(11) Statement re: Computation of Income per Share.

(21) Subsidiaries of the Registrant.

(23) Consent of Blackman Kallick Bartelstein, LLP.

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* Management contract or compensatory plan or arrangement.

[1] Incorporated by reference to Exhibit (4.1) to the Registrant's Registration Statement on Form S-8 (Registration No. 333-57625), made effective on June 24, 1998.

[2] Incorporated by reference to Exhibit (3)(b) to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1995.

[3] Incorporated by reference to Exhibit (10)(f) to the Registrant's Registration Statement on Form S-2 (Registration No. 2-97248) made effective on May 29, 1985.

[4] Incorporated by reference to Exhibit (10)(e)(2) to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1989.

[5] Incorporated by reference to Exhibit (10)(e)(3) to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1991.

[6] Incorporated by reference to Exhibit 10(s) to Registrant's Current Report on Form 8-K dated May 1, 2001.

[7] Incorporated by reference to Exhibit 10(t) to Registrant's Current Report on Form 8-K dated May 1, 2001.

[8] Incorporated by reference to Exhibit (10)(f) to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1988.

[9] Incorporated by reference to Exhibit (10)(g) to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1989.

[10] Incorporated by reference to Exhibit (10)(n) to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1998.

[11] Incorporated by reference to Exhibit 99.1 to Registrant's Current Report on Form 8-K dated November 13, 2000.

[12] Incorporated by reference to Exhibit (4)(a) to the Registrant's Registration Statement on Form S-8 (Registration No. 33-29650), made effective on June 30, 1989.

[13] Incorporated by reference to Exhibit (10)(m)(4) to the Registrant's Quarterly Report on Form 10-Q for the quarter ended January 1, 2001.

[14] Incorporated by reference to Exhibit (10)(i) to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1993.

[15] Incorporated by reference to Exhibit (10)(i) to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1994.

[16] Incorporated by reference to Exhibit (10)(m)(5) to the Registrant's Quarter Report on Form 10-Q for the quarter ended January 31, 2001.

[17] Incorporated by reference to Exhibit (10)(m) to the Registrant's Quarterly Report on Form 10-Q for the quarter ended April 30, 1998.

[18] Incorporated by reference to Exhibit (10)(o) to the Registrant's Quarterly Report on Form 10-Q for the quarter ended January 31, 1999.

[19] Incorporated by reference to Exhibit (10)(p) to the Registrant's Quarterly Report on Form 10-Q for the quarter ended January 31, 1999.

[20] Incorporated by reference to Exhibit (10)(q) to the Registrant's Quarterly Report on Form 10-Q for the quarter ended January 31, 1999.

[21] Incorporated by reference to Exhibit (10)(r) to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1999.

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.

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/ Daniel S. Jaffee

Daniel S. Jaffee,
President and Chief
Executive Officer, Director

Dated: October 15, 2002

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 Richard M. Jaffee Chairman of the Board of Directors	October 15, 2002
/s/ Jeffrey M. Libert Jeffrey M. Libert Vice President Chief Financial Officer Principal Financial Officer	October 15, 2002
/s/ Daniel T. Smith Daniel T. Smith Vice President and Controller Principal Accounting Officer	October 15, 2002
/s/ J. Steven Cole J. Steven Cole Director	October 15, 2002
/s/ Arnold W. Donald Arnold W. Donald Director	October 15, 2002
/s/ Ronald B. Gordon Ronald B. Gordon Director	October 15, 2002
/s/ Thomas D. Kuczmarski Thomas D. Kuczmarski Director	October 15, 2002

/s/ Joseph C. Miller October 15, 2002

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Joseph C. Miller
Director

/s/ Paul J. Miller October 15, 2002

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Paul J. Miller
Director

/s/ Allan H. Selig October 15, 2002

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Allan H. Selig
Director

CERTIFICATIONS

I, Daniel S. Jaffee, Chief Executive Officer of Oil-Dri Corporation of America, certify that:

1. I have reviewed this annual report on Form 10-K of Oil-Dri Corporation of America;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report; and

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report.

Date: October 15, 2002

By: /s/ Daniel S. Jaffee
Daniel S. Jaffee
President and Chief
Executive Officer

I, Jeffrey M. Libert, Vice President and Chief Financial Officer of Oil-Dri Corporation of America, certify that:

1. I have reviewed this annual report on Form 10-K of Oil-Dri Corporation of America;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report; and

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report.

Date: October 15, 2002

By: /s/ Jeffrey M. Libert
Jeffrey M. Libert
Vice President and Chief
Financial Officer

SCHEDULE II

OIL-DRI CORPORATION OF AMERICA AND SUBSIDIARIES

VALUATION AND QUALIFYING ACCOUNTS

	Year Ended July 31		
	2002	2001	2000
	(IN THOUSANDS)		
Allowance for doubtful accounts:			
Beginning balance	$ 455	$ 336	$ 358
Additions charged to expense	409	142	23
Deductions*	472	23	45
Balance at end of year	$ 392	$ 455	$ 336

* Net of recoveries.

	2002	2001	2000
Inventory obsolescence reserve:			
Beginning balance	$ 356	$ 256	$ 358
Additions charged to expense	275	100	--
Deductions	290	--	102
Balance at end of year	$ 341	$ 356	$ 256
Valuation reserve for income taxes:			
Beginning balance	$ --	$ 522	$1,742
Additions charged to expense	357	--	522
Deductions	--	522	1,742
Balance at end of year	$ 357	$ --	$ 522

EXHIBIT INDEX

EXHIBIT NUMBER	
(10)(h)(2)	Second Amendment, Dated as of July 15, 2002, to Note Agreement Dated as of April 15, 1993
(10)(m)(6)	Second Amendment, Dated as of July 15, 2002, to Note Agreement Dated as of April 15, 1998
(10)(o)(1)	First Amendment, Dated May 30, 2002, to Credit Agreement Dated as of January 29, 1999
(11)	Computation of Net Income Per Share
(21)	Subsidiaries of the Registrant
(23)	Consent of Blackman Kallick Bartelstein, LLP

Note: Shareholders may receive copies of the above listed exhibits, without fee, by written request to Investor Relations, Oil-Dri Corporation of America, 410 North Michigan Avenue, Suite 400, Chicago, Illinois 60611-4213.

EXHIBIT (10)(h)(2)

OIL-DRI CORPORATION OF AMERICA

SECOND AMENDMENT

DATED AS OF JULY 15, 2002

TO

NOTE AGREEMENT
DATED AS OF APRIL 15, 1993

RE: $6,500,000 7.17% SENIOR NOTES
DUE AUGUST 15, 2004

SECOND AMENDMENT TO NOTE AGREEMENT

THIS SECOND AMENDMENT dated as of July 15, 2002 (this "Second Amendment") to the Note Agreement dated as of April 15, 1993 is between Oil-Dri Corporation of America, a Delaware corporation (the "Company"), and Teachers Insurance and Annuity Association of America (the "Noteholder").

RECITALS:

A. The Company and the Noteholder have heretofore entered into the Note Agreement dated as of April 15, 1993 (the "Note Agreement") and further have entered into a First Amendment to Note Agreement dated as of January 15, 2001 (the "First Amendment"). The Company has heretofore issued the $6,500,000 7.17% Senior Notes due August 15, 2004 (the "Notes") pursuant to the Note Agreement. The Noteholder is the holder of 100% of the outstanding principal amount of the Notes.

B. The Company and the Noteholder now desire to amend the Note Agreement and the First Amendment in the respects, but only in the respects, hereinafter set forth.

C. Capitalized terms used herein shall have the respective meanings ascribed thereto in the Note Agreement unless herein defined or the context shall otherwise require.

D. All requirements of law have been fully complied with and all other acts and things necessary to make this Second Amendment a valid, legal and binding instrument according to its terms for the purposes herein expressed have been done or performed.

Now, THEREFORE, the Company and the Noteholder, in consideration of good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, do hereby agree as follows:

SECTION 1. AMENDMENTS

1.1 Section 5.19, as added to the Note Agreement by the First Amendment, is hereby deleted in its entirety and the following is hereby substituted therefore:

> SECTION 5.19. FIXED CHARGES COVERAGE RATIO. The Company will not permit the Fixed Charges Coverage Ratio ("Ratio") for any period of four consecutive fiscal quarters ending at any time during any period specified below to be less than the Ratio set forth opposite such period. In addition, for any fiscal quarter ending on or after July 31, 2002, in which the Ratio is less than the "Interest Ratio" set forth opposite the period in which the fiscal quarter ends, the Company shall pay to the Noteholder an additional 0.25% of annual interest, payable in addition to the semi-annual interest payments specified in Section 1.1 of this Agreement. Such additional interest, if any, for the Company's fiscal quarters ending 7/31 and/or 10/31 shall be paid at the time of the

semi-annual interest payment due the next following February 15th and for the Company's fiscal quarters ending 1/31 and/or 4/30 shall be paid at the time of the semi-annual interest payment due the next following August 15th.

Period	Ratio	Interest Ratio
November 1, 2000 - April 30, 2001	1.00 to 1	N/A
May 1, 2001 - October 31, 2001	1.15 to 1	N/A
November 1, 2001 - April 30, 2002	1.25 to 1	N/A
May 1, 2002 - July 31, 2002	waived by Noteholder	1.25 to 1
August 1, 2002 - January 31, 2003	1.00 to 1	1.50 to 1
February 1, 2003 - October 31, 2003	1.25 to 1	1.50 to 1
November 1, 2003 and thereafter	1.50 to 1	1.50 to 1

The Company agrees that it will deliver to the Noteholder, together with its regular annual and quarterly financial statements (but in any event not less than 15 days prior to the date any scheduled semi=annual interest payment is due), a statement containing (a) the calculation of both the Interest Ratio and the Fixed Charges Coverage Ratio, (b) whether any additional interest is due and (c) the amount of such additional interest. In addition, the Company agrees that it will include, with the information that is required to accompany its payment by wire of semi-annual interest payments, the amount of any such additional interest and the identification of such amount as "additional interest".

1.2 Section 8.1 of the Note Agreement, as amended by the First Amendment, is hereby amended by adding the following sub-section (m) to the exclusions in the definition of "CONSOLIDATED NET INCOME":

(m) non-cash charges incurred by the Company on or before July 31, 2003, relating to the write-off of the Company's equity investments in the Washoe County, Nevada projects and to the closing of the Company's Christmas Valley, Oregon facility in an aggregate amount not in excess of $4,700,000.

SECTION 2. MISCELLANEOUS

2.1 This Second Amendment shall be construed in connection with and as part of the Note Agreement and except as modified and expressly amended by this Second Amendment, all terms, conditions and covenants contained in the Note Agreement, the First Amendment thereto, and the Notes are hereby ratified and shall be and remain in full force and effect.

2.2 Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this Second Amendment may refer to the Note Agreement without making specific reference to this Second Amendment but nevertheless all such references shall include this Second Amendment unless the context otherwise requires.

2.3 The descriptive headings of the various sections or parts of this Second Amendment are for convenience only and shall not affect the meaning or construction of any of the provisions hereof.

2.4 This Second Amendment shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of Illinois excluding choice-of-law principles of the law of such State that would require the application of the laws of a jurisdiction other than such State.

2.5 The execution hereof by the parties hereto shall constitute a contract among such parties for the uses and purposes hereinabove set forth, and this Second Amendment may be executed in any number of counterparts, each executed counterpart constituting an original, but all together only one agreement.

OIL-DRI CORPORATION OF AMERICA

By:

Jeffrey M. Libert, Chief
Financial Officer

Accepted and Agreed to:

TEACHERS INSURANCE AND ANNUITY
ASSOCIATION OF AMERICA

By:

EXHIBIT (10)(m)(6)

OIL-DRI CORPORATION OF AMERICA

SECOND AMENDMENT

DATED AS OF JULY 15, 2002

TO

NOTE PURCHASE AGREEMENT
DATED AS OF APRIL 15, 1998

RE: $25,000,000 6.55% SENIOR NOTES
DUE APRIL 15, 2013

SECOND AMENDMENT TO NOTE PURCHASE AGREEMENT

THIS SECOND AMENDMENT dated as of July 15, 2002 (this "Second Amendment") to the Note Purchase Agreement dated as of April 15, 1998 is among Oil-Dri Corporation of America, a Delaware corporation (the "Company"), and each of the institutions which is a signatory to this Second Amendment (collectively, the "Noteholders").

RECITALS:

A. The Company and each of the Noteholders have heretofore entered into the Note Purchase Agreement dated as of April 15, 1998 (the "Note Purchase Agreement") and further have entered into a First Amendment to Note Purchase Agreement dated as of January 15, 2001 (the "First Amendment"). The Company has heretofore issued the $25,000,000 6.55% Senior Notes due April 15, 2013 (the "Notes") pursuant to the Note Purchase Agreement. The Noteholders are the holders of 100% of the outstanding principal amount of the Notes.

B. The Company and the Noteholders now desire to amend the Note Purchase Agreement and the First Amendment in the respects, but only in the respects, hereinafter set forth.

C. Capitalized terms used herein shall have the respective meanings ascribed thereto in the Note Purchase Agreement unless herein defined or the context shall otherwise require.

D. All requirements of law have been fully complied with and all other acts and things necessary to make this Second Amendment a valid, legal and binding instrument according to its terms for the purposes herein expressed have been done or performed.

Now, THEREFORE, the Company and the Noteholders, in consideration of good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, do hereby agree as follows:

SECTION 1. AMENDMENTS

1.1 Section 10.1, as amended by the First Amendment, is hereby deleted in its entirety and the following is hereby substituted therefore:

SECTION 10.1. FIXED CHARGES COVERAGE RATIO. The Company will not permit the Fixed Charges Coverage Ratio ("Ratio") for any period of four consecutive fiscal quarters ending at any time during any period specified below to be less than the Ratio set forth opposite such period. In addition, for any fiscal quarter ending on or after July 31, 2002, in which the Ratio is less than the "Interest Ratio" set forth opposite the period in which the fiscal quarter ends, the Company shall pay to the Noteholders additional interest at an annual rate of 0.25%, payable along with the semi-annual interest payments specified in Exhibit 1 of this Agreement. Such additional interest, if any, for the Company's fiscal quarters ending 10/31 and/or 1/31 shall be paid at the time of the semi-annual interest payment due the next following April 15th and for the Company's fiscal quarters ending 4/30 and/or 7/31 shall be paid at the time of the semi-annual interest payment due the next following October 15th.

Period	Ratio	Interest Ratio
November 1, 2000 - April 30, 2001	1.00 to 1	N/A
May 1, 2001 - October 31, 2001	1.15 to 1	N/A
November 1, 2001 - April 30, 2002	1.25 to 1	N/A
May 1, 2002 - July 31, 2002	waived by Noteholders	1.25 to 1
August 1, 2002 - January 31, 2003	1.00 to 1	1.50 to 1
February 1, 2003 - October 31, 2003	1.25 to 1	1.50 to 1
November 1, 2003 and thereafter	1.50 to 1	1.50 to 1

The Company agrees that it will deliver to the Noteholders, together with its regular annual and quarterly financial statements (but in any event not less than 15 days prior to the date any scheduled semi-annual interest payment is due), a statement containing (a) the calculation of both the Interest Ratio and the Fixed Charges Coverage Ratio, (b) whether any additional interest is due and (c) the amount of such additional interest. In addition, the Company agrees that it will include, with the information that is required to accompany its payment by wire of semi-annual interest payments, the amount of any such additional interest and the identification of such amount as "additional interest".

1.2 Schedule B - DEFINED TERMS is hereby amended by adding the following sub-section (m) to the exclusions in the definition of "CONSOLIDATED NET INCOME":

(m) non-cash charges incurred by the Company on or before July 31, 2003, relating to the write-off of the Company's equity investments in the Washoe County, Nevada projects and to the closing of the Company's Christmas Valley, Oregon facility in an aggregate amount not in excess of $4,700,000.

SECTION 2. MISCELLANEOUS

2.1 This Second Amendment shall be construed in connection with and as part of the Note Purchase Agreement and except as modified and expressly amended by this Second Amendment, all terms, conditions and covenants contained in the Note Purchase Agreement, the First Amendment thereto, and the Notes are hereby ratified and shall be and remain in full force and effect.

2.2 Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this Second Amendment may refer to the Note Agreement without making specific reference to this Second Amendment but nevertheless all such references shall include this Second Amendment unless the context otherwise requires.

2.3 The descriptive headings of the various sections or parts of this Second Amendment are for convenience only and shall not affect the meaning or construction of any of the provisions hereof.

2.4 This Second Amendment shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of Illinois excluding choice-of-law principles of the law of such State that would require the application of the laws of a jurisdiction other than such State.

2.5 The execution hereof by the parties hereto shall constitute a contract among such parties for the uses and purposes hereinabove set forth, and this Second Amendment may be executed in any number of counterparts, each executed counterpart constituting an original, but all together only one agreement.

OIL-DRI CORPORATION OF AMERICA

By: ------------------------------
Jeffrey M. Libert,
Chief Financial Officer

Accepted and Agreed to:

TEACHERS INSURANCE AND ANNUITY ASSOCIATION OF AMERICA

By: ------------------------------

CONNECTICUT GENERAL LIFE INSURANCE COMPANY

By CIGNA Investments, Inc.

By: ------------------------------

EXHIBIT (10)(o)(1)

FIRST AMENDMENT TO CREDIT AGREEMENT

This First Amendment to Credit Agreement (the "AMENDMENT") dated as of May 30, 2002, among Oil-Dri Corporation of America (the "COMPANY") and Harris Trust and Savings Bank (the "BANK");

W I T N E S S E T H:

WHEREAS, the Company and the Bank have heretofore executed and delivered a Credit Agreement dated as of January 29, 1999 (the "CREDIT AGREEMENT");

WHEREAS, the Company has requested that the Bank reduce the Revolving Credit Commitment and amend the definition of EBITDA, and the Bank is willing to do so under the terms and conditions set forth in this Amendment.

1. AMENDMENTS.

Upon satisfaction of the conditions precedent contained in Section 3 hereof, the Credit Agreement shall be and hereby is amended as follows:

1.1. The Revolving Credit Commitment set forth in Section 1.1 of the Credit Agreement is hereby amended by striking the amount "$15,000,000" appearing in the ninth line thereof and substituting therefor the amount "$7,500,000."

1.2. The definition of term "Consolidated EBITDA" appearing in Section 4.1 of the Credit Agreement is hereby amended and as so amended shall be restated in its entirety to read as follows:

> "CONSOLIDATED EBITDA" means, with reference to any period, Net Income for such period plus all amounts deducted in arriving at such Net Income amount in respect of (i) Interest Expense for such period, plus (ii) federal, state and local income taxes for such period, plus (iii) all amounts properly charged for depreciation of fixed assets and amortization of intangible assets during such period on the books of the Company and its Subsidiaries, plus (iv) non-cash charges incurred by the Company on or before July 31, 2003, relating to the write-off of its equity investment in the Washoe County, Nevada project and the closing of the Company's Christmas Valley, Oregon facility in an aggregate amount not in excess of $3,600,000.

1.3 Section 10.8 of the Credit Agreement is hereby amended by striking the second paragraph thereof and substituting therefore the following paragraph:

Oil-Dri Corporation of America
410 North Michigan Avenue
Suite 400
Chicago, Illinois 60611
Attention: Jeffrey Libert, Vice President
and Chief Financial Officer
Telephone: (312) 706-3239
Telecopy: (312) 706-1239

SECTION 2. REPRESENTATIONS.

In order to induce the Bank to execute and deliver this Amendment, the Company hereby represents and warrants to the Bank that each of the representations and warranties set forth in Section 4 of the Credit Agreement is true and correct on and as of the date of this Amendment as if made on and as of the date hereof and as if each reference therein to the Credit Agreement referred to the Credit Agreement as amended hereby and no Default or Event of Default exists under the Credit Agreement or shall result after giving effect to this Amendment.

SECTION 3. CONDITIONS PRECEDENT.

This Amendment shall become effective upon satisfaction of the following conditions precedent:

3.1 The Company and the Bank shall have executed and delivered this Amendment.

3.2. The Company shall have executed and delivered to the Bank a replacement Revolving Credit Note in the form attached hereto as Exhibit A in the face principal amount of $7,500,000.

3.3 The Company shall have delivered to the Bank a waiver of the Company's fixed charge coverage ratio covenant executed by the Teachers Insurance and Annuity Association of America.

3.4 Legal matters incident to the execution and delivery of this Amendment shall be satisfactory to the Bank and its counsel.

SECTION 4. MISCELLANEOUS.

This Amendment may be executed in any number of counterparts and by different parties hereto on separate counterpart signature pages, each of which when so executed shall be an original but all of which shall constitute one and the same instrument. Except as specifically amended and modified hereby, all of the terms and conditions of the Credit Agreement and the other Loan Documents shall remain unchanged and in full force and effect. All references to the Credit Agreement in any document shall be deemed to be references to the Credit Agreement as reinstated and amended hereby. All capitalized terms used herein without definition shall have the same meaning herein as they have in the Credit Agreement. This Amendment shall be construed and governed by and in accordance with the internal laws of the State of Illinois.

This First Amendment to Credit Agreement is dated as of the date first above written.

OIL-DRI CORPORATION OF AMERICA

By

-------------------------- Name

--------------------------Title

HARRIS TRUST AND SAVINGS BANK

By

-------------------------- Name

--------------------------Title

EXHIBIT A
OIL-DRI CORPORATION OF AMERICA
REVOLVING CREDIT NOTE

Chicago, Illinois
$7,500,000 May 30, 2002

On the Termination Date, for value received, the undersigned, Oil-Dri Corporation of America, a Delaware corporation (the "COMPANY"), hereby promises to pay to the order of Harris Trust and Savings Bank (the "BANK") at its office at 111 West Monroe Street, Chicago, Illinois, the principal sum of Seven Million Five Hundred Thousand and no/100 Dollars ($7,500,000), or (ii) such lesser amount as may at the time of the maturity hereof, whether by acceleration or otherwise, be the aggregate unpaid principal amount of all Loans owing from the Company to the Bank under the Revolving Credit provided for in the Credit Agreement hereinafter mentioned.

This Note evidences Loans made or to be made to the Company by the Bank under the Revolving Credit provided for under that certain Credit Agreement dated as of January 29, 1999, between the Company and the Bank (said Credit Agreement, as the same may be amended, modified or restated from time to time, being referred to herein as the "CREDIT AGREEMENT") and the Company hereby promises to pay interest at the office described above on such Loans evidenced hereby at the rates and at the times and in the manner specified therefor in the Credit Agreement.

This Note is issued in substitution of and replacement of that certain Revolving Credit Note dated January 29, 1999, issued by the Company to the Bank in the face principal amount of $15,000,000. Each Loan made under the Revolving Credit against this Note, any repayment of principal hereon, the status of each such Loan from time to time as part of the Domestic Rate Portion or a LIBOR Portion or an Offered Rate Portion and, in the case of a Fixed Rate Portion, the interest rate and Interest Period applicable thereto shall be endorsed by the holder hereof on a schedule to this Note or recorded on the books and records of the holder hereof (provided that such entries shall be endorsed on a schedule to this Note prior to any negotiation hereof). The Company agrees that in any action or proceeding instituted to collect or enforce collection of this Note, the entries endorsed on a schedule to this Note or recorded on the books and records of the holder hereof shall be prima facie evidence of the unpaid principal balance of this Note, the status of each such Loan from time to time as part of the Domestic Rate Portion or a LIBOR Portion or an Offered Rate Portion and, in the case of any Fixed Rate Portion, the interest rate and Interest Period applicable thereto.

This Note is issued by the Company under the terms and provisions of the Credit Agreement, and this Note and the holder hereof are entitled to all of the benefits provided for thereby or referred to therein, to which reference is hereby made for a statement thereof. This Note may be declared to be, or be and become, due prior to its expressed maturity and voluntary prepayments may be made hereon, all in the events, on the terms and with the effects provided in the Credit Agreement. All capitalized terms used herein without definition shall have the same meanings herein as such terms are defined in the Credit Agreement.

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH, AND GOVERNED BY, THE INTERNAL LAWS OF THE STATE OF ILLINOIS WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS.

The Company hereby promises to pay all costs and expenses (including reasonable attorneys' fees) suffered or incurred by the holder hereof in collecting this Note or enforcing any rights in any collateral therefor. The Company hereby waives presentment for payment and demand.

OIL-DRI CORPORATION OF AMERICA

By

Name: Jeffrey Libert

Title: Vice President and Chief Financial Officer

Exhibit 11

OIL-DRI CORPORATION OF AMERICA
COMPUTATION OF NET INCOME PER SHARE
(IN THOUSANDS EXCEPT FOR PER SHARE AMOUNTS)

	YEAR ENDED JULY 31 2002	2001	2000
Net (loss) income available to stockholders (numerator)	$(1,094)	$ 913	$ 2,227
Shares Calculation (denominator)			
Average shares outstanding - basic	5,614	5,613	5,647
Effect of Dilutive Securities:			
Potential Common Stock relating to stock options	57	0	30
Average shares outstanding - assuming dilution	5,671	5,613	5,677
Net (Loss) Income Per Share:			
Basic	$ (0.19)	$ 0.16	$ 0.39
Dilutive	$ (0.19)	$ 0.16	$ 0.39

Exhibit 21

SUBSIDIARIES OF THE REGISTRANT

SUBSIDIARY	STATE OR COUNTRY OF INCORPORATION
Oil-Dri Corporation of Georgia	Georgia
Oil-Dri Production Company	Mississippi
Mounds Production Company, L.L.C.	Delaware
Oil-Dri, S.A.	Switzerland
Favorite Products Company, Ltd.	Canada
Blue Mountain Production Co.	Mississippi
Oil-Dri (U.K.) Ltd.	United Kingdom
Ochlocknee Holding Co., S.A.	Spain
Ochlocknee Mining Co., S.A.	Spain
Oil-Dri Corporation of Nevada	Nevada
Phoebe Products Company	Delaware
Mounds Management, Inc.	Delaware
B.T. Acquisition Company	Illinois

Exhibit 23

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, 2002 and the Registration Statement on Form S-8 relating to the 1995 Long Term Incentive Plan and the 1988 Stock Option Plan.

Blackman Kallick Bartelstein, LLP

October 14, 2002