

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q

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

For the Quarter Ended April 30, 1997 Commission File Number 0-8675

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

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

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

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

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

Yes X No

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

Common Stock - 5,218,755 Shares (Including 736,952 Treasury Shares)
Class B Stock - 2,016,763 Shares

OIL-DRI CORPORATION OF AMERICA & SUBSIDIARIES
Consolidated Balance Sheets
(Unaudited)

	----- April 30 1997 -----	July 31 1996 -----
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$10,749,234	\$10,113,544
Investment Securities, at Cost	1,509,000	1,594,000
Accounts Receivable	19,194,119	20,666,623
Allowance for Doubtful Accounts	(272,482)	(225,970)
Inventories	10,391,103	11,737,068
Prepaid Expenses and Taxes	5,251,942	4,325,061
Total Current Assets	46,822,916	48,210,326

PROPERTY, PLANT AND EQUIPMENT - AT COST

Cost	114,242,453	112,943,046
Less Accumulated Depreciation and Amortization	(57,852,076)	(54,730,624)
Total Property, Plant and Equipment, Net	56,390,377	58,212,422

OTHER ASSETS

Goodwill (Net of Accumulated Amortization)	4,073,481	4,172,526
Deferred Income Taxes	2,287,405	2,264,291
Other	5,109,618	4,833,303
Total Other Assets	11,470,504	11,270,120

TOTAL ASSETS	\$114,683,797	\$117,692,868
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The accompanying notes are an integral part of the consolidated financial statements.

OIL-DRI CORPORATION OF AMERICA & SUBSIDIARIES
Consolidated Balance Sheets
(Unaudited)

	April 30 1997	July 31 1996
LIABILITIES & STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current Maturities of Notes Payable	\$1,926,000	\$1,626,762
Accounts Payable - Trade	3,628,339	5,338,787
Dividends Payable	479,550	519,610
Accrued Expenses	10,197,815	10,326,518
Total Current Liabilities	16,231,704	17,811,677
NONCURRENT LIABILITIES		
Notes Payable	17,052,000	18,978,000
Deferred Compensation	2,375,738	2,253,313
Other	1,650,529	1,420,382
Total Noncurrent Liabilities	21,078,267	22,651,695
Total Liabilities	37,309,971	40,463,372
STOCKHOLDERS' EQUITY		
Common Stock	723,552	723,552
Paid-In Capital in Excess of Par Value	7,670,818	7,660,600
Retained Earnings	81,278,907	77,385,514
Cumulative Translation Adjustment	(974,126)	(1,018,416)
	88,699,151	84,751,250
Less Treasury Stock, At Cost	(11,325,325)	(7,521,754)
Total Stockholders' Equity	77,373,826	77,229,496
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$114,683,797	\$117,692,868

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

OIL-DRI CORPORATION OF AMERICA & SUBSIDIARIES
Consolidated Statements of Income and Retained Earnings
Nine Months Ended April 30
(Unaudited)

	----- 1997 -----	1996 -----
Net Sales	\$119,319,414	\$117,532,387
Cost Of Sales	83,328,206	82,398,383
Gross Profit	35,991,208	35,134,004
Selling, General And Administrative Expenses	27,371,950	30,803,160
Operating Income	8,619,258	4,330,844
 OTHER INCOME (EXPENSE)		
Interest Expense	(1,349,511)	(1,444,322)
Interest Income	456,178	429,950
Foreign Exchange Gain (Loss)	8,385	(4,231)
Other, Net	(240,278)	289,345
	(1,125,226)	(729,258)
 Income Before Income Taxes	 7,494,032	 3,601,586
Income Taxes	2,135,799	1,041,590
Net Income	5,358,233	2,559,996
 RETAINED EARNINGS		
Balance at Beginning of Year	77,385,514	76,033,462
Less Cash Dividends Declared	1,464,840	1,529,235
 Retained Earnings - April 30	 \$ 81,278,907	 \$ 77,064,223
Average Shares Outstanding	6,644,428	6,818,940
Net Income Per Share	\$0.81	\$0.38

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

OIL-DRI CORPORATION OF AMERICA & SUBSIDIARIES
Consolidated Statements of Income and Retained Earnings
Three Months Ended April 30
(Unaudited)

	----- 1997 -----	1996 -----
Net Sales	\$36,002,060	\$36,427,141
Cost Of Sales	25,937,585	25,274,538
Gross Profit	10,064,475	11,152,603
Selling, General And Administrative Expenses	8,047,324	9,957,996
Operating Income	2,017,151	1,194,607
 OTHER INCOME (EXPENSE)		
Interest Expense	(432,766)	(473,794)
Interest Income	155,328	155,817
Foreign Exchange Gain (Loss)	4,205	(3,361)
Other, Net	(115,684)	101,621
	(388,917)	(219,717)
 Income Before Income Taxes	 1,628,234	 974,890
Income Taxes	464,047	304,968
Net Income	\$ 1,164,187	\$ 669,922
 Average Shares Outstanding	 6,582,374	 6,803,484
Net Income Per Share	\$ 0.18	\$ 0.10

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

OIL-DRI CORPORATION OF AMERICA & SUBSIDIARIES
Consolidated Statements of Cash Flows
For the Nine Months Ended April 30
(Unaudited)

	----- 1997 -----	1996 -----
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$5,358,233	\$2,559,996
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	5,669,517	5,982,566
Provision for bad debts	25,000	156,752
(Increase) Decrease in:		
Accounts Receivable	1,494,016	475,912
Inventories	1,345,965	(1,261,217)
Prepaid Expenses and Taxes	(944,031)	(594,242)
Other Assets	(308,329)	(656,549)
Increase (Decrease) in:		
Accounts Payable	(1,710,447)	(785,376)
Accrued Expenses	(128,720)	802,116
Deferred Compensation	122,425	208,775
Other	230,146	541,655
Total Adjustments	5,795,542	4,870,392
Net Cash Provided by Operating Activities	11,153,775	7,430,388
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures	(4,141,302)	(4,394,927)
Proceeds from disposition of property, plant and equipment	555,232	-
Purchases of Investment Securities	(315,000)	(106,000)
Dispositions of Investment Securities	400,000	907,270
Other	(144,494)	111,947
Net Cash Used in Investing Activities	(3,645,564)	(3,481,710)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Long-Term Debt	(1,626,762)	(346,855)
Dividends Paid	(1,485,368)	(1,528,785)
Foreign Currency Translation Adjustment	43,180	(21,319)
Purchases of Treasury Stock	(3,803,571)	(1,599,232)
Net Cash Used In Financing Activities	(6,872,521)	(3,496,191)
Net Increase in Cash and Cash Equivalents	635,690	452,487
Cash and Cash Equivalents, Beginning of Year	10,113,544	8,829,667
Cash and Cash Equivalents, April 30	\$10,749,234	\$ 9,282,154

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

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

1. BASIS OF STATEMENT PRESENTATION

The financial statements and the related notes are condensed and should be read in conjunction with the consolidated financial statements and related notes for the year ended July 31, 1996, included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission. The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany transactions are eliminated. The unaudited financial information reflects all adjustments which are, in the opinion of management, necessary for a fair presentation of the statements contained herein.

2. INVENTORIES

The composition of inventories is as follows:

	----- April 30 (Unaudited) ----- 1997 -----	July 31 (Unaudited) ----- 1996 -----
Finished goods	\$6,400,681	\$6,728,150
Packaging	3,232,715	3,754,087
Other	757,707	1,254,831
	\$10,391,103	\$11,737,068

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

MANAGEMENT DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

NINE MONTHS ENDED APRIL 30, 1997 COMPARED TO NINE
MONTHS ENDED APRIL 30, 1996

RESULTS OF OPERATIONS

Consolidated net sales for the nine months ended April 30, 1997 were \$119,319,000, an increase of 1.5% over net sales of \$117,532,000 in the first nine months of fiscal 1996. Net income for the first nine months of fiscal 1997 was \$5,358,000 or \$0.81 per share, an increase of 109.3% from \$2,560,000 or \$0.38 per share earned in the nine months ended April 30, 1996. Net sales of cat box absorbents increased \$3,091,000, or 4.5% over prior year amounts, even though sales to Sam's Club were down approximately \$3,549,000 in the first nine months compared to the same period of last year. The growth resulted from increased sales of branded and private label products in both the grocery and mass merchandising markets. Net sales of agricultural and fluids purification products increased \$2,004,000, or 7.6%, from the comparable period in fiscal 1996. The higher sales resulted from increased demand for AGSORB carriers as well as PURE-FLO Supreme fluids purification products. Net sales of industrial and environmental sorbents decreased \$1,113,000, or 8.5%, from prior year levels. The decrease was due to an increased internal focus on profitability versus sales growth and open positions in the sales force responsible for these products during the first quarter. Net sales of transportation services decreased \$1,227,000 or 17.4% from the first nine months of fiscal 1996 due to lower backhaul revenue resulting from a reduction in the Company's fleet. Consolidated gross profit as a percentage of net sales for the nine months ended April 30, 1997 increased to 30.2% from 29.9% in the comparable period of fiscal 1996. Changes in sales mix and a Company-wide effort to reduce costs contributed to this increase. Operating expenses as a percentage of net sales decreased to 22.9% in the first nine months of fiscal 1997 from 26.2% in the same period of fiscal 1996. This decrease is primarily attributable to lower advertising and promotion costs for the new consumer products introduced last year and the one-time charge in the second quarter of fiscal 1996 of \$921,000, reflecting settlement cost and legal fees related to patent litigation. Interest expense decreased \$95,000 while interest income increased \$26,000. The Company's effective tax rate was 28.5% of pre-tax income in the first nine months of 1997 as compared to 28.9% for the same period of fiscal 1996. The assets of the Company decreased \$3,009,000 during the first nine months of fiscal 1997. Current assets decreased \$1,387,000, or 2.9%, from fiscal 1996 year end balances primarily due to decreased accounts receivable and inventories, partially offset by higher prepaid expenses and cash and cash equivalents. Property, plant and equipment, net of accumulated depreciation, decreased \$1,822,000 during the first nine months due to depreciation expense exceeding capital expenditures. Total liabilities in the nine months ended April 30, 1997 decreased \$3,153,000, due primarily to the repayment of long-term debt and lower accounts payable. Current liabilities decreased \$1,580,000 or 8.9% from July 31, 1996 balances, due to lower accounts payable, partially offset by higher current maturities of notes payable.

EXPECTATIONS

The Company anticipates sales during the remainder of fiscal 1997 will be slightly higher than the sales in the fourth quarter of fiscal 1996. Sales of branded cat box absorbents are expected to increase moderately. However, this sales growth is subject to continuing competition for shelf space in the grocery, mass merchandiser and club markets. The Company expects the profitability of these products to favorably impact earnings as spending on advertising and promotion remains at lower levels throughout the remainder of the current fiscal year as compared to last year. Sales of the Company's fluids purification products are also expected to increase compared to the same period of fiscal 1996. Demand for AGSORB carriers is expected to remain soft for the remainder of the fiscal year. The foregoing statements under this heading are "forward looking statements" within the meaning of that term in the Securities Exchange Act of 1934, as amended. Actual results may be lower than those reflected in these forward-looking statements, due primarily to: continued vigorous competition in the grocery, mass merchandiser and club markets; the level of success of new products; and the cost of new product introductions and promotions in consumer markets. These forward-looking statements also involve the risk of changes in market conditions in the overall economy and, for the agricultural and fluids purification division, in the planting activity, crop quality and overall agricultural demand, including export demand.

LIQUIDITY AND CAPITAL RESOURCES

The current ratio increased to 2.9 at April 30, 1997 from 2.7 at July 31, 1996. Working capital increased \$192,000 in the nine months ended April 30, 1997 to \$30,591,000. Cash provided by operations continues to be the Company's primary source of funds to finance investing needs and financing activities. During the nine months ended April 30, 1997, the balances of cash, cash equivalents and other investments increased \$551,000. Cash provided by operating activities of \$11,154,000 was used to fund capital expenditures (\$4,141,000), purchases of the Company's common stock (\$3,804,000), reduction of debt (\$1,627,000), and payment of dividends (\$1,485,000). Total cash and investment balances held by the Company's foreign subsidiaries at April 30, 1997 and July 31, 1996 were \$2,902,000 and \$2,594,000 respectively.

THREE MONTHS ENDED APRIL 30, 1997 COMPARED TO THREE MONTHS ENDED APRIL 30, 1996

Consolidated net sales for the three months ended April 30, 1997 were \$36,002,000, a decrease of 1.2% from net sales of \$36,427,000 in the third quarter of fiscal 1996. Net income for the three months ended April 30, 1997 was \$1,164,000 or \$0.18 per share, an increase of 73.8% from \$670,000, or \$0.10 per share, earned in last year's quarter. Net sales of cat box absorbents increased \$583,000 or 2.9% from fiscal 1996 third quarter results. The growth resulted from increased sales of branded and private label products in both the grocery and mass merchandiser markets. Net sales of agricultural and fluids purification products decreased \$7,000, or 0.1% from the comparable period in fiscal 1996. The lower sales resulted from decreased demand for AGSORB carriers, partially offset by an increase in demand for PURE-FLO Supreme and ULTRA-CLEAR fluids purification products. Net sales of industrial and environmental sorbents decreased \$235,000, or 5.5%, from prior year third quarter levels. The decrease was due to an increased focus on profitability versus sales growth. Net sales of transportation services decreased \$403,000 or 17.0% from the third quarter of fiscal 1996 due to lower backhaul revenue resulting from a reduction in the Company's fleet.

Consolidated gross profit as a percentage of net sales for the three months ended April 30, 1997 decreased to 28.0% from 30.6% in the comparable period of fiscal 1996. Lower levels of plant production resulting in unabsorbed fixed plant costs contributed to the decrease. Operating expenses as a percentage of net sales decreased to 22.4% in the third quarter of fiscal 1997 from 27.3% in the same quarter of the prior year. This decrease is primarily due to lower advertising and promotion costs for the new consumer products introduced last year. Interest expense decreased \$41,000 while interest income was unchanged. The Company's effective tax rate was 28.5% of pre-tax income in the third quarter of 1997 as compared to 31.3% for the third quarter of fiscal 1996.

FOREIGN OPERATIONS

Net sales by the Company's foreign subsidiaries for the nine months ended April 30, 1997 were \$9,036,000, or 7.6% of total Company sales. This represents an increase of \$9,000 from the same period of fiscal 1996, in which foreign subsidiary sales were \$9,027,000, or 7.7% of total Company sales. Net income of the foreign subsidiaries for the first nine months of fiscal 1997 was \$431,000 compared with \$357,000 in the same period of fiscal 1996. Identifiable assets of the Company's foreign subsidiaries as of April 30, 1997 were \$10,284,000, an increase of \$1,248,000 from \$9,036,000 as of July 31, 1996. The increase is primarily due to higher prepaid expenses, inventories, and cash and cash equivalents. Net sales of the Company's foreign subsidiaries for the quarter ended April 30, 1997 were \$2,916,000, or 8.1% of total Company sales. This represents an increase of \$103,000 or 3.7% from the third quarter of fiscal 1996 in which foreign subsidiary sales were \$2,813,000, or 7.7% of total Company sales. Net income of the foreign subsidiaries for the third quarter of fiscal 1997 was flat compared to \$82,000 in the same period of fiscal 1996.

Part II - Other Information

ITEM 1. Legal Proceedings - Previous 10-Q's have reported the February 13, 1996 disposition of a patent infringement action that had been initiated by Edward Lowe Industries, Inc.

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

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

Exhibit 27: Financial Data Schedule

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

SIGNATURES

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

OIL-DRI CORPORATION OF AMERICA
(Registrant)

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

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

Dated: June 12, 1997

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

Quarter End	Period	Number of Days	Number of Shares Outstanding	Weighted Shares	Average Shares-(Weighted Shares)Number of Days As Adjusted
April 30, 1997	02/01/97 to 02/23/97	23	6,616,951	152,189,873	
	02/24/97 to 02/26/97	3	6,605,251	19,815,753	
	02/27/97 to 02/27/97	1	6,596,751	6,596,751	
	02/28/97 to 03/02/97	3	6,595,251	19,785,753	
	03/03/97 to 03/05/97	3	6,564,966	19,694,898	
	03/06/97 to 03/13/97	8	6,539,966	52,319,728	
	03/14/97 to 03/16/97	3	6,534,966	19,604,898	
	03/17/97 to 03/17/97	1	6,529,466	6,529,466	
	03/18/97 to 03/18/97	1	6,521,066	6,521,066	
	03/19/97 to 03/23/97	5	6,516,066	32,580,330	
	03/24/97 to 04/01/97	9	6,508,566	58,577,094	
	04/02/97 to 04/30/97	29	6,498,566	188,458,414	

		89		582,674,024	6,546,899

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

35,475

6,582,374

Quarter End	Period	Number of Days	Number of Shares Outstanding	Weighted Shares	Average Shares-(Weighted Shares)Number of Days As Adjusted
April 30, 1996	02/01/96 to 03/04/96	33	6,812,922	224,826,426	
	03/05/96 to 03/06/96	2	6,809,422	13,618,844	
	03/07/96 to 03/18/96	12	6,802,922	81,635,064	
	03/19/96 to 04/30/96	43	6,796,122	292,233,246	

		90		612,313,580	6,803,484

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

0

6,803,484

Exhibit 11(Cont'd)

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

Nine Months Ended	Period	Number of Days	Number of Shares Outstanding	Weighted Shares	Average Shares-(Weighted Shares) Number of Days As Adjusted
April 30, 1997	08/01/96 to 09/24/96	55	6,736,451	370,504,805	
	09/25/96 to 09/25/96	1	6,733,951	6,733,951	
	09/26/96 to 09/26/96	1	6,717,551	6,717,551	
	09/27/96 to 09/29/96	3	6,710,451	20,131,353	
	09/30/96 to 09/30/96	1	6,708,451	6,708,451	
	10/01/96 to 10/01/96	1	6,705,251	6,705,251	
	10/02/96 to 10/02/96	1	6,702,251	6,702,251	
	10/03/96 to 10/14/96	12	6,701,751	80,421,012	
	10/15/96 to 10/15/96	1	6,698,451	6,698,451	
	10/16/96 to 10/16/96	1	6,695,751	6,695,751	
	10/17/96 to 10/17/96	1	6,690,251	6,690,251	
	10/18/96 to 10/28/96	11	6,678,051	73,458,561	
	10/29/96 to 11/25/96	28	6,670,051	186,761,428	
	11/26/96 to 12/01/96	6	6,666,551	39,999,306	
	12/02/96 to 12/05/96	4	6,664,051	26,656,204	
	12/06/96 to 12/12/96	7	6,661,551	46,630,857	
	12/13/96 to 12/18/96	6	6,660,651	39,963,906	
	12/19/96 to 01/02/97	15	6,658,751	99,881,265	
	01/03/97 to 01/06/97	4	6,648,751	26,595,004	
	01/07/97 to 01/19/97	13	6,646,851	86,409,063	
	01/20/97 to 01/20/97	1	6,646,751	6,646,751	
	01/21/97 to 02/23/97	34	6,616,951	224,976,334	
	02/24/97 to 02/26/97	3	6,605,251	19,815,753	
	02/27/97 to 02/27/97	1	6,596,751	6,596,751	
	02/28/97 to 03/02/97	3	6,595,251	19,785,753	
	03/03/97 to 03/05/97	3	6,564,966	19,694,898	
	03/06/97 to 03/13/97	8	6,539,966	52,319,728	
	03/14/97 to 03/16/97	3	6,534,966	19,604,898	
	03/17/97 to 03/17/97	1	6,529,466	6,529,466	
	03/18/97 to 03/18/97	1	6,521,066	6,521,066	
03/19/97 to 03/23/97	5	6,516,066	32,580,330		
03/24/97 to 04/01/97	9	6,508,566	58,577,094		
04/02/97 to 04/30/97	29	6,498,566	188,458,414		
		273		1,813,171,908	6,641,655

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

2,773

6,644,428

Exhibit 11(Cont'd)

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

Nine Months Ended	Period	Number of Days	Number of Shares Outstanding	Weighted Shares	Average Shares-(Weighted Shares) Number of Days As Adjusted
April 30, 1996	08/01/95 to 08/08/95	8	6,901,322	55,210,576	
	08/09/95 to 10/10/95	63	6,841,322	431,003,286	
	10/11/95 to 10/11/95	1	6,814,922	6,814,922	
	10/12/95 to 03/04/96	145	6,812,922	987,873,690	
	03/05/96 to 03/06/96	2	6,809,422	13,618,844	
	03/07/96 to 03/18/96	12	6,802,922	81,635,064	
	03/19/96 to 04/30/96	43	6,796,122	292,233,246	
		274		1,868,389,628	6,818,940

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

0

6,818,940

9-MOS		
	JUL-31-1997	
	APR-30-1997	
		10,749,234
		1,509,000
		19,194,119
		272,482
		10,391,103
	46,822,916	
		114,242,453
	(57,852,076)	
	114,683,797	
16,231,704		
		17,052,000
	0	
		0
		723,552
		77,373,826
114,683,797		
		119,319,414
	119,319,414	
		83,328,206
	83,328,206	
	27,122,665	
	25,000	
	1,349,511	
	7,494,032	
	2,135,799	
5,358,233		
		0
		0
		0
	5,358,233	
	0.81	
	0.81	