

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended July 31, 1995 Commission File No. 0-8675

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

Delaware 36-2048898
(State or other jurisdiction of (I.R.S. Employer identifi-
incorporation or organization) cation no.)

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

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

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

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

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

None
(Title of Class)

Number of Shares of each class of Registrant's common stock outstanding as
of September 29, 1995:

Common Stock - 5,162,518 shares (including 392,196 treasury shares)
Class B Stock - 2,071,000 shares

Indicate by check mark whether the Registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act
of 1934 during the preceding 12 months (or for such shorter period that the
Registrant was required to file such reports), and (2) has been subject to
such filing requirements for the past 90 days:

Yes No

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

Aggregate market value of Registrant's Common Stock owned by
non-affiliates - \$63,014,771 (based on the closing price on September 29,
1995).

DOCUMENTS INCORPORATED BY REFERENCE

The following documents are incorporated herein by reference:

1. Registrant's Proxy Statement for its 1995 Annual Meeting of
Stockholders (Proxy Statement), which will be filed with the
Securities and Exchange Commission not later than November 28,
1995 (120 days after the end of Registrants fiscal year ended
July 31, 1995), is incorporated into Part III of this Annual
Report on Form 10-K, as indicated herein.
2. The following portions of Registrant's 1995 Annual Report to
Stockholders ("Annual Report"), which is an exhibit to this Annual
Report on Form 10-K, are incorporated into Parts I, II and IV of
this Annual Report on Form 10-K, as indicated herein (page numbers
refer to the Annual Report):
 - a) Common Stock on page 34.
 - b) Five-Year Summary of Financial Data on page 13.
 - c) Management's Discussion and Analysis of Financial

Condition and Results of Operations on pages 14 to 17.

- d) Consolidated Statements of Income on page 20.
- e) Consolidated Statements of Stockholders' Equity on page 21.
- f) Consolidated Statements of Financial Position on pages 18 and 19.
- g) Consolidated Statements of Cash Flows on page 22.
- h) Notes to Consolidated Financial Statements on pages 23 to 33.
- i) Independent Auditor's Report on page 34.
- j) Selected Quarterly Financial Data on page 33.

PART I

Item 1. BUSINESS

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

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

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

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

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

Consumer Products

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

The Registrant and The Clorox Company have long-term arrangements under which they developed FRESH STEP and CONTROL premium-priced cat litter products. FRESH STEP and CONTROL brands, which are owned, trademarked and marketed by The Clorox Company, both utilize the Registrant's special low density, highly absorbent clay mineral. FRESH STEP contains microencapsulated odor controllers which are activated by the cat. The Registrant has a long-term exclusive right to supply The Clorox Company's requirements for FRESH STEP and CONTROL up to certain levels. According to independently published supermarket industry reports, FRESH STEP was the largest dollar grossing cat litter brand sold through grocery chains in the United States during the year ended July 16, 1995.

Traditional coarse granular clay litters once represented approximately 98% of the market. Beginning in 1990, the cat litter market changed and traditional coarse litters now compete with new, fine granule clumping products. These clumping products have the characteristic of binding together and expanding when moisture is introduced. The Registrant's clumping cat litter is based on naturally occurring organic ingredients which are biodegradable. On an industry-wide basis, clumping cat litters have assumed market shares in excess of 39% of retail dollar sales volume in the grocery industry and 49% of retail dollar sales volume in the mass merchandiser industry in the 52 week period ended July 16, 1995, compared with 38% and 48%, respectively, in a similar period last year.

Industrial and Environmental Products

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

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

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

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

Agrisorbent Product Group

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

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

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

Pure-Flo Product Group

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

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

Transportation Services

Oil-Dri Transportation Company leases or contracts for approximately 130 tractors, 295 trailers, 100 covered rail hopper cars and other special use equipment for the delivery of the Registrant's products in package and bulk form. Through this subsidiary, the Registrant is better able to control costs, maintain delivery schedules and assure equipment availability. Oil-Dri Transportation Company performs transportation services for the Registrant on outbound movements from the Registrant's production plants. To offset costs further, Oil-Dri Transportation Company usually transports third parties' products on return trips.

Patents

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

Foreign

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

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

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

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

Backlog; Seasonality

At July 31, 1995 and 1994, Registrant's backlog of orders was approximately \$2,765,000 and \$2,621,000, 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's (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 27% of the Registrant's net sales for the fiscal year ended July 31, 1995. Sales to The Clorox Company accounted for approximately 9% of the Registrant's net sales for the fiscal year ended July 31, 1995. Clorox and the Registrant are parties to a long term supply contract. The loss of any other of Registrant's customers would not have a materially adverse effect on the Registrant.

Competition

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

Reserves

Registrant mines sorbent materials, consisting of either Montmorillonite, Attapulgite or diatomaceous earth on leased or owned land near its mills in Mississippi, Georgia and Oregon, and on leased and owned land in Florida (see "Item 2- Properties" below). The Registrant estimates that its proven recoverable reserves of these sorbent materials aggregate approximately 169,565,000 tons. Based on its rate of consumption during the 1995 fiscal year, Registrant considers its proven recoverable reserves adequate to supply Registrant's needs for approximately 50 years. It is the Registrant's policy to attempt to add to reserves each year an amount at least equal to the amount of reserves consumed in that year. Registrant has a program of exploration for additional reserves and, although reserves have increased, Registrant cannot assure that such reserves will continue to increase. The Registrant's use of these reserves will be subject to compliance with existing and future federal and state statute regulations regarding mining and environmental compliance and certain product specifications. Among other things, 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, 1995, the Registrant utilized these reserves to produce substantially all of the sorbent minerals that it sold.

In April 1991, the Registrant acquired mineral reserves on approximately 709 acres in Washoe County, Nevada. The Registrant estimates that there are 26 million tons of proven reserves of sorbent materials on this acreage. Mining these reserves requires the approval of federal, state and local agencies, which approvals the Registrant is in the process of seeking. In the future, the Registrant hopes to develop facilities so as to use these reserves as a source of supply for its West Coast customers. However, there can be no assurance to that this will be accomplished.

Mining Operations

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

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

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

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

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

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

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

| | LAND | PLANT AND EQUIPMENT |
|----------------------------|-------------|------------------------|
| Ochlocknee, Georgia | \$1,575,730 | \$20,279,193 |
| Ripley, Mississippi | \$1,098,951 | \$15,692,584 |
| Blue Mountain, Mississippi | \$ 818,488 | \$ 8,177,141 |
| Christmas Valley, Oregon | \$ 68,044 | \$ 658,686 |

Employees

As of July 31, 1995, the Registrant employed 695 persons, 52 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 42 of the Registrant's employees in the U.S. and approximately 15 of the Registrant's employees in Canada are represented by labor unions, which have entered into separate collective bargaining agreements with the Company. Employee relations are considered satisfactory.

Environmental Compliance

The Registrant's mining and manufacturing operations and facilities in Georgia, Mississippi and Oregon are required to comply with state strip mining statutes and various federal, state and local statutes, regulations and ordinances which govern the discharge of materials, water and waste into the environment and restrict mining on "wetlands" or otherwise regulate the Registrant's operations. In recent years, environmental regulation has grown increasingly stringent, a trend which the Registrant expects will continue. The Registrant endeavors to stay in substantial compliance with applicable environmental controls and regulations and to work with regulators to correct any claimed deficiency. As a result, expenditures relating to environmental compliance have increased over the years. In the 1995 fiscal year, the Registrant expended approximately \$450,000 on equipment and other aspects of environmental control and compliance and presently expects that it will spend approximately \$620,000 in the 1996 fiscal year and that these costs will continue in the future. The Registrant continues, and will continue, to incur costs in connection with reclaiming mined out areas; these costs are treated as part of the Registrant's mining expense.

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

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

Energy

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

Research and Development

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

Registrant spent approximately \$1,826,000 \$1,875,000 and \$1,509,000 during its fiscal years ended July 31, 1995, 1994 and 1993, 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 they are incurred.

Other

The Registrant holds approximately a 14% equity interest in Kamterter, Inc., a research and development company located in Lincoln, Nebraska. Kamterter applies biotechnology in the agricultural field and utilizes the Registrant's clay products in a development-stage process to prime seeds. At July 31, 1995, the Registrant's investment, at cost, in Kamterter was approximately \$717,000. Although Kamterter has a substantial negative net worth, during the year ended February 28, 1995, and in recent interim periods, Kamterter has begun to generate operating profits. While the Registrant believes that Kamterter's prospects have improved, Kamterter's future financial condition and results of operations cannot be predicted.

Item 2. PROPERTIES

Registrant's properties are generally described below:

| | LAND HOLDINGS & MINERAL RESERVES | | | | | |
|-------------|----------------------------------|-------------|---------|-------------------|-------------------|-------------------|
| | LAND OWNED | LAND LEASED | TOTAL | PROVEN RESERVES | PROBABLE RESERVES | TOTAL |
| | (acres) | (acres) | (acres) | (1,000's of tons) | (1,000's of tons) | (1,000's of tons) |
| Georgia | 1,282 | 2,004 | 3,286 | 45,185 | 9,836 | 55,021 |
| Mississippi | 2,034 | 1,423 | 3,457 | 116,293 | 123,409 | 239,702 |
| Oregon | 360 | 800 | 1,160 | 3,575 | - | 3,575 |
| Florida | 537 | 446 | 983 | 4,512 | 1,092 | 5,604 |
| Nevada | 709 | - | 709 | 23,316 | 2,976 | 26,292 |
| Illinois | 4 | - | 4 | - | - | - |
| | 4,926 | 4,673 | 9,599 | 192,881 | 137,313 | 330,194 |

See "Item 1. Business-Reserves"

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

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

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

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

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

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

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

Item 3. LEGAL PROCEEDINGS

There are no material pending legal proceedings.

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

Not applicable.

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

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

| Name (5) | Principal Occupation For Last Five Years | Age |
|---------------------------------------|---|-----|
| Richard M. Jaffee | Chief Executive Officer and Chairman of the Board of the Registrant; President from 1960 to June, 1995. | 59 |
| Norman B. Gershon | Vice President, International Operations of the Registrant; Managing Director of Oil-Dri, S.A., a subsidiary of the Registrant; Vice President, European Operations of the Registrant from 1973 to 1991. | 59 |
| Bruce H. Sone | Vice President, Consumer Products - Mass Merchandising Division of the Registrant; Vice President and General Manager of Consumer Products Division of the Registrant from 1985 until 1992. | 55 |
| Joseph C. Miller | Vice Chairman of The Board; Senior Vice President for Consumer, Industrial & Environmental and Transportation of the Registrant from 1993 to 1995; Group Vice President of the Registrant for Sales, Marketing and Distribution, from 1990 to 1993. | 53 |
| Richard V. Hardin (1)(3) | Group Vice President, Technology, of the Registrant; Group Vice President, New Technologies of the Registrant from 1989 to 1991. | 56 |
| Herbert V. Pomerantz (3)(4) | Senior Vice President, Agricultural and Specialty Products and Research and Development of the Registrant; Vice President, Polymers of Unocal Corporation, a diversified energy and natural gas resource company from 1986 to 1993. | 55 |
| Daniel S. Jaffee (2) | President and Chief Operating Officer since June, 1995, Chief Financial Officer since 1990, Chief Executive Officer of Favorite Products Company, Ltd., a subsidiary of the Company since 1990; Group Vice President, Consumer Products until June, 1995; Group Vice President of Canadian Operations and Consumer Products - Grocery 1992 until June, 1994; Group Vice President, Domestic and Canadian Operations from December, 1990 until August, 1992. | 31 |
| Louis T. Bland, Jr.(3) | Assistant Secretary, Legal Counsel and Director of Industrial Relations of the Registrant; Served on the faculty of the Lake Forest Graduate School | 64 |

of Management from 1990 until Joining
the Registrant in 1991.

| | | |
|-------------------------|---|----|
| Donald J. Deegan (3) | Director of Finance and Accounting, Chief Accounting Officer of the Registrant; Assistant Vice President, Treasury Planning & Analysis of Household International, a diversified financial services company, from 1987 through 1990. | 33 |
|-------------------------|---|----|

The term of each executive officer expires at the 1995 Annual Meeting of the Stockholders and when his successor is elected and qualified.

- (1) Richard V. Hardin is Richard M. Jaffee's son-in-law.
- (2) Daniel S. Jaffee is Richard M. Jaffee's son.
- (3) Each person listed in this table is a director of the Registrant except for Richard V. Hardin, Herbert V. Pomerantz, Louis T. Bland and Donald J. Deegan.
- (4) Herbert V. Pomerantz has resigned his employment with the Registrant effective October 31, 1995.

PART II

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

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

Item 6. SELECTED FINANCIAL DATA

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

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

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

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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

Item 9. DISAGREEMENTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by this item is (except for information in Part I, hereof, concerning executive officers) contained in the Registrant's Proxy Statement for its 1995 Annual Meeting of stockholders ("Proxy Statement") under the caption "Election of Directors" and is incorporated herein by this reference.

Item 11. EXECUTIVE COMPENSATION

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

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

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

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

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

PART IV

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

(a)(1) The following financial statements are contained on pages 18 to 34 of the Annual Report and are incorporated herein by this reference:

Consolidated Statements of Financial Position as of July 31, 1995 (audited) and July 31, 1994 (audited).

Consolidated Statements of Income for the fiscal years ended July 31, 1995 (audited), July 31, 1994 (audited) and July 31, 1993 (audited).

Consolidated Statements of Stockholders' Equity for the fiscal years ended July 31, 1995 (audited), July 31, 1994 (audited) and July 31, 1993 (audited).

Consolidated Statements of Cash Flows for the fiscal years ended July 31, 1995 (audited), July 31, 1994 (audited) and July 31, 1993 (audited).

Notes to Consolidated Financial Statements.

Independent Auditor's Report.

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

Independent Auditor's Report on Schedules.

Schedules to Financial Statements, as follows:

Schedule VIII - Valuation and Qualifying Accounts, years ended July 31, 1995, 1994 and 1993.

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

(3)(a) Articles of Incorporation of Registrant, as amended.

(3)(b) By-Laws of Registrant, as amended of June 16, 1995.

(10)(a)2 Lease Agreement, dated as of September 1, 1982, between Oil-Dri Corporation of Georgia, The Thomasville Development Authority and Continental Illinois National Bank and Trust Company of Chicago.

(10)(b)3 Guaranty Agreement, dated as of September 1, 1982, between Registrant and Continental Illinois National Bank and Trust Company of Chicago.

(10)(c)(1)4 Agreement ("Clorox Agreement") dated January 12, 1981 between The Clorox Company and Registrant, as amended. (Confidential treatment of certain portions of this Exhibit has been granted.)

(10)(c)(2)5 Amendment to Clorox Agreement dated March 3, 1989, as accepted by the Registrant on March 20, 1989, between The Clorox Company and the Registrant. (Confidential treatment of certain portions of this Exhibit has been granted.)

(10)(c)(3)6 Amendment to Clorox Agreement dated February 14, 1991, between The Clorox Company and Registrant (Confidential treatment of certain portions of this Exhibit has been granted).

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

Incorporated by reference to Exhibit (3) to Registrant's Quarterly Report on Form 10-Q for the quarter ended January 31, 1995.

Incorporated by reference to Exhibit (4)(a) to Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1982.

Incorporated by reference to Exhibit (4)(b) to Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1982.

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

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

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

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

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

Incorporated by reference to Exhibit 4(a) to Registrant's Registration Statement on Form S-8, filed June 30, 1989, Registration No. 33-29650.

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

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

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

- (10)(j) The Oil-Dri Corporation of America
Deferred Compensation Plan adopted November
15, 1995 and related resolution.
- (11) Statement re: computation of per share
earnings.
- (13) 1995 Annual Report to Stockholders of
Registrant.
- (22) Subsidiaries of Registrant.
- (24) Consent of Blackman Kallick Bartelstein.
- (27) Financial Data Schedule.

*Management contract or compensatory plan or arrangement.

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

- Exhibit 4(b) Letter of Credit Agreement,
dated as of October 1, 1988 between Harris
Trust and Savings Bank and Blue Mountain
Production Company in the amount of \$2,634,590
in connection with the issuance by Town of
Blue Mountain, Mississippi of Variable/Fixed
Rate Industrial Development Revenue Bonds,
Series 1988 B (Blue Mountain Production
Company Project) in the aggregate principal
amount of \$2,500,000 and related Indenture of
Trust, Lease Agreement, Remarketing Agreement
and Guaranties.
- (b) No reports on Form 8-K were filed by Registrant with
the Commission during the last fiscal quarter of the fiscal
year ended July 31, 1995.

/s/ J. Steven Cole
J. Steven Cole
Director

October 20, 1995

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

October 20, 1995

Edgar D. Jannotta
Director

October 20, 1995

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

October 20, 1995

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

October 20, 1995

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

October 20, 1995

INDEPENDENT AUDITOR'S REPORT ON SCHEDULES

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

In connection with our audit of the consolidated financial statements of OIL-DRI CORPORATION OF AMERICA AND SUBSIDIARIES as of July 31, 1995 and 1994 and for each of the three years in the period ended July 31, 1995, which report thereon dated August 25, 1995, is incorporated by reference in this Annual Report on Form 10-K, we also examined the financial statement schedules listed in the accompanying index at Item 14(A)(2). In our opinion, these financial statement schedules present fairly, when read in conjunction with the related consolidated financial statements, the financial data required to be set forth therein.

August 25, 1995

Restated, As Amended Through: June 16, 1995

OIL-DRI CORPORATION OF AMERICA

* * * * *

BY-LAWS

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ARTICLE I

OFFICES

Section 1. The registered office shall be in the City of Wilmington, County of New Castle, State of Delaware.

Section 2. The corporation may also have offices at such other places both within and without the State of Delaware as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. All meetings of the stockholders for the election of directors shall be held in Illinois, at such place as may be fixed from time to time by the board of directors, or at such other place either within or without the State of Delaware as shall be designated from time to time by the board of directors and stated in the notice of the meeting. Meetings of stockholders for any other purpose may be held at such time and place, within or without the State of Delaware, as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Annual meetings of stockholders commencing with the year 1973 shall be held on the second Tuesday in December, if not a legal holiday, and if a legal holiday, then on the next secular day following at 2:00 P.M. or at such other date and time as shall be designated from time to time by the board of directors and stated in the notice of the meeting, at which they shall elect by a plurality vote a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Written notice of the annual meeting stating the place, date and hour of the meeting shall be given to each stockholder entitled to vote at such meeting not less than ten nor more than fifty days before the date of the meeting.

Section 4. The officer who has charge of the stock ledger of the corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 5. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute or by the certificate of incorporation, may be called by the president and shall be called by the president or secretary at the request in writing of a majority of the board of directors, or at the request in writing of stockholders owning a majority in amount of the entire capital stock of the corporation issued and outstanding and entitled to vote. Such request shall state the purpose or purposes of the proposed meeting.

Section 6. Written notice of a special meeting stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called, shall be given not less than ten nor more than fifty days before the date of the meeting, to each stockholder entitled to vote

at such meeting.

Section 7. The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or by the certificate of incorporation. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 8. When a quorum is present at any meeting, the vote of the holders of a majority of the voting power of the stock present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of the statutes or of the certificate of incorporation, a different vote is required, in which case such express provision shall govern and control the decision of such question.

Section 9. Unless otherwise specifically provided by statute, each stockholder shall at every meeting of the stockholders be entitled to the number of votes provided by the certificate of incorporation for each share of the capital stock having voting power held by such stockholder.

Section 10. Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for him by proxy, but no proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period.

Section 11. Whenever the vote of stockholders at a meeting thereof is required or permitted to be taken for or in connection with any corporate action, by any provision of the statutes, the meeting and vote of stockholders may be dispensed with if all of the stockholders who would have been entitled to vote upon the action if such meeting were held shall consent in writing to such corporate action being taken; or if the certificate of incorporation authorizes the action to be taken with the written consent of the holders of less than all of the stock who would have been entitled to vote upon the action if a meeting were held, then on the written consent of the stockholders having not less than such percentage of the number of votes as may be authorized in the certificate of incorporation; provided that in no case shall the written consent be by the holders of stock having less than the minimum percentage of the vote required by statute for the proposed corporate action, and provided that prompt notice must be given to all stockholders of the taking of corporate action without a meeting and by less than unanimous written consent.

ARTICLE III

DIRECTORS

Section 1. The number of directors which shall serve on the board shall be not less than five nor more than thirteen. The directors shall be elected at the annual meeting of the stockholders, except as provided in Section 2 of this Article, and each director elected shall hold office until his successor is elected and qualified, or until his earlier resignation or removal. Directors need not be stockholders.

Section 2. Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, and any director so chosen shall hold office until the next annual election and until his successor is duly elected and shall qualify, or until his earlier resignation or removal. If there are no directors in office, then an election of directors may be held in the manner provided by statute. If, at the time of filling any vacancy or any newly created directorship, the directors then in office shall constitute less than a majority of the whole board (as constituted immediately prior to any such increase), the Court of Chancery may, upon application of any stockholder or stockholders holding at least ten percent of the total number of the shares at the time outstanding having the right to vote for such directors, summarily order an election to be held to fill any such vacancies or newly created directorships, or to replace the directors chosen by the directors then in office.

Section 3. The business of the corporation shall be managed by its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the certificate of incorporation or by these by-laws directed or required to be exercised or done by the stockholders.

MEETINGS OF THE BOARD OF DIRECTORS

Section 4. The board of directors of the corporation may hold meetings, both regular and special, either within or without the State of Delaware.

Section 5. The Annual Meeting of each newly elected board of directors shall be held immediately after the close of the Annual Shareholders Meeting at the places fixed for the Annual Shareholders Meeting provided a quorum shall be present. In the event such meeting is not held immediately after such Annual Shareholders Meeting, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the board of directors, or as shall be specified in a written Waiver signed by all of the directors.

Section 6. Regular meetings of the board of directors may be held without notice at such time and at such place as shall from time to time be determined by the board.

Section 7. Special meetings of the board may be called by the president on two days' notice to each director, either personally or by mail or by telegram; special meetings shall be called by the president or secretary in like manner and on like notice on the written request of two directors.

Section 8. At all meetings of the board a majority of the directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the board of directors, except as may be otherwise specifically provided by statute or by the certificate of incorporation. If a quorum shall not be present at any meeting of the board of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than the announcement at the meeting, until a quorum shall be present.

Section 9. Unless otherwise restricted by the certificate of incorporation or these by-laws, any action required or permitted to be taken at any meeting of the board of directors or of any committee thereof may be taken without a meeting, if all members of the board or committee, or as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the board or committee.

COMMITTEES OF DIRECTORS

Section 10. The board of directors may, by resolution passed by a majority of the whole board, designate one or more committees, each committee to consist of one or more of the directors of the corporation. The board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the board of directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution, shall have and may exercise all of the powers and authority of the board of directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to amending the certificate of incorporation, adopting an agreement of merger or consolidation, recommending to the stockholders the sale, lease or exchange of all or substantially all of the corporation's property and assets, recommending to the stockholders a dissolution of the corporation or a revocation of a dissolution, or amending the by-laws of the corporation; and, unless the resolution expressly so provides, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of stock.

Section 11. Each committee shall keep regular minutes of its meetings and report the same to the board of directors when required. At all committee meetings a majority of the committee members shall constitute a quorum for the transaction of business and the act of a majority of the committee members present at any committee meeting at which there is a quorum shall be the act of the committee, except as may be otherwise specifically provided by statute or by the certificate of incorporation. If a quorum shall not be present at any committee meeting the committee members present thereat may adjourn the committee meeting from time to time, without notice other than announcement at the committee meeting, until a quorum shall be present.

COMPENSATION OF DIRECTORS

Section 12. The directors may be paid their expenses, if any, of attendance at each meeting of the board of directors and may be paid a fixed sum for attendance at each meeting of the board of directors or a stated salary as director. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

ARTICLE IV

NOTICES

Section 1. Whenever, under the provisions of the statutes or of the certificate of incorporation or of these by-laws, notice is required to be given to any director or stockholder, such notice shall be in writing and shall be given in person or by mail to such director or stockholder. If mailed, such notice shall be addressed to such director or stockholder at his address as it appears on the records of the corporation, with postage thereon prepaid, and shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by telegram.

Section 2. Whenever any notice is required to be given under the provisions of the statutes or of the certificate of incorporation or of these by-laws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE V

OFFICERS

Section 1. The officers of the corporation shall be chosen by the board of directors and shall be a chairman of the board, a vice-chairman of the board, a president, such senior vice-presidents, group vice-presidents and vice-presidents as the board may choose, a secretary and a treasurer. The board of directors may also choose one or more assistant secretaries and assistant treasurers. Any number of officers may be held by the same person, unless the certificate of incorporation or these by-laws otherwise provide.

Section 2. The board of directors at its first meeting after each annual meeting of stockholders shall choose a chairman of the board, a vice-chairman of the board, president, such senior vice-presidents, group vice-presidents, and vice-presidents as it may decide appropriate, a secretary and a treasurer.

Section 3. The board of directors may appoint such other officers and agents as it shall deem desirable who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board.

Section 4. The salaries of all officers of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

THE CHAIRMAN

Section 6. The chairman of the board shall be the chief executive officer of the corporation, shall preside at all meetings of the stockholders and the board of directors, shall have general overall management of the business of the corporation, shall from time to time report to the board all matters which, in the chairman's reasonable judgment, should be brought to the board's attention, and shall see that all orders and resolutions of the board of directors are carried into effect. The chairman shall have the same power as the president to sign all documents of the corporation which the president may be authorized to sign by these bylaws or by the board of directors. In the absence of the president, or in the event of his inability or refusal to act, the chairman shall exercise all powers and discharge all duties of the president, unless the board of directors shall designate another officer to exercise such powers and discharge such duties. The chairman shall also perform such other duties, and exercise such other powers, as may be prescribed by these bylaws or by the board of directors: he shall vote all shares of stock of any other corporation standing in the name of this corporation except where the voting thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation, and in general shall perform all duties incident to the office of chairman of the board and such other duties as may be prescribed by the board of directors from time to time.

THE VICE-CHAIRMAN

Section 7. The vice-chairman of the board shall perform such duties, and have such powers, as may be prescribed from time to time by the board of directors or the chairman of the board.

THE PRESIDENT

Section 8. Within the policies and objectives prescribed by the board of directors or the chairman of the board, and under the general supervision of the chairman of the board, the president shall be the chief operating officer of the corporation and shall have active management of, and shall administer and direct, all aspects of the operation of the corporation's business. The president shall have the power to execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, and other agreements, contracts and instruments, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation. The president shall also perform all duties incident to the office of the president and such other duties as may be prescribed by these bylaws, by the board of directors, or by the chairman of the board, from time to time. In the absence of the chairman of the board, or in the event of his inability or refusal to act, the president shall exercise all powers and discharge all duties of the chairman, unless the board of directors shall designate another officer to exercise such powers and discharge such duties.

THE SENIOR VICE-PRESIDENTS, GROUP VICE-PRESIDENTS AND VICE-PRESIDENTS

Section 9. The senior vice-presidents, group vice-presidents, and the vice-presidents shall perform such duties and have such other powers as the board of directors or the chairman of the board may from time to time prescribe. In the absence of the president, or in the event of his inability or refusal to act, and, in addition, the absence of the chairman of the board, or his inability or refusal to act, the vice-chairman or, in his absence or his inability or refusal to act, the senior vice-president (or, in the event there be more than one senior vice-president, the senior vice-presidents in the order designated by the board, or in the absence of any designation, then in the order of their election), shall perform the duties of the president, and when so acting, shall have all the powers of and be subject to all the restrictions upon the president.

THE SECRETARY AND ASSISTANT SECRETARY

Section 10. The secretary shall: (a) keep the minutes of the stockholders' and of the board of directors' meetings in one or more books provided for that purpose; and at the request of the board of directors shall also perform like duties for the standing committees thereof when required; (b) see that all notices are duly given in accordance with the provisions of these by-laws or as required by law; (c) be custodian of the corporate records; (d) keep a register of the post office address of each stockholder which shall be furnished to the secretary by such stockholder; (e) have general charge of the stock transfer books of the corporation; (f) sign (unless the treasurer or other proper officer thereunto duly authorized by the board of directors shall sign), with the chairman of the board or the president, certificates for shares of the capital stock of the corporation the issue of which shall have been authorized by resolution of the board of directors, provided that the signatures of the officers of the corporation thereon may be facsimile as provided in these by-laws; and (g) in general perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him or her by the chairman of the board, the president or by the board of directors.

Section 11. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors (or if there be no such determination, then in the order of their election), shall, in the absence of the secretary or in the event of his inability or refusal to act, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 12. If required by the board of directors, the treasurer shall give bond for the faithful discharge of his or her duties in such sum and with such surety or sureties as the board of directors shall determine. The treasurer (or if there is none, the chief financial officer) shall: (a) have charge and custody of and be responsible for all funds and securities of the corporation; receive and give receipts for moneys due and payable to the corporation from any source whatsoever, and deposit all such moneys in the name of the corporation in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of these by-laws; (b) sign (unless the secretary or other proper officer thereunto duly authorized by the board of directors shall sign), with the chairman of the board or the president, certificates for shares of the capital stock of the corporation, the issue of which shall have been authorized by resolution of the board of directors, provided that the signatures of the officers of the corporation thereon may be facsimile as provided in these by-laws; and (c) in general perform all the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him or her by the chairman of the board, the president or the board of directors.

Section 13. The assistant treasurer, or if there shall be more than one, the assistant treasurers in the order determined by the board of directors (or if there be no such determination, then in the order of their election), shall, in the absence of the treasurer or in the event of his inability or refusal to act, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE VI

INTERESTED DIRECTORS AND OFFICERS

Section 1. No contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board of directors or a committee thereof which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or

(c) The contract or transaction is fair as to the corporation as of the time it is authorized, approved or ratified by the board of directors, a committee thereof, or the stockholders.

Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE VII

INDEMNIFICATION

Section 1. Right to Indemnification. Each person who was or is made a party or is threatened to be made a party to or is involved in or called as a witness in any action, suit or proceeding, whether civil, criminal, administrative or investigative, and any appeal therefrom (hereinafter, collectively a "proceeding"), by reason of the fact that he or she, or a person of whom he or she is the legal representative, is, was or had agreed to become a director, officer or Delegate (as defined herein) of the corporation shall be indemnified and held harmless by the corporation to the fullest extent permitted under the Delaware General Corporation Law (the "DGCL"), as the same now exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the corporation to provide broader indemnification rights than the DGCL permitted the corporation to provide prior to such amendment) against all expenses (including, but not limited to, attorneys' fees and expenses of litigation) and all liabilities and losses (including, but not limited to, judgments, fines, ERISA or other excise taxes or penalties and amounts paid or to be paid in settlement) incurred or suffered by such person in connection therewith; provided that, except as provided in Section 3 hereof, the corporation shall indemnify any such person seeking indemnity in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board of Directors of the corporation. For purposes of this Article, a "Delegate" is any person serving at the request of the corporation as a director, officer, trustee, fiduciary, partner, employee or agent of an entity or enterprise other than the corporation (including, but not limited to, service with respect to employee benefit plans).

Section 2. Expenses. Expenses, including attorneys' fees, incurred by a person referred to in Section 1 of this Article in defending or otherwise being involved in a proceeding shall be paid by the corporation in advance of the final disposition of such proceeding, including any appeal therefrom, upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by the corporation; provided that, in connection with a proceeding (or part thereof) initiated by such a person, except as provided in Section 3 hereof, the corporation shall pay such expenses in advance of the final disposition only if such proceeding (or part thereof) was authorized by the Board of Directors of the corporation. Such undertaking shall provide that if the person to whom the expenses were advanced has commenced proceedings in a court of competent jurisdiction to secure a determination that he or she should be indemnified by the corporation, such person shall not be obligated to repay the corporation during the pendency of such proceeding.

Section 3. Protection of Rights. If a claim under Section 1 is not promptly paid in full by the corporation after a written claim has been received by the corporation, or if expenses pursuant to Section 2 have not been promptly advanced after a written request for such advancement accompanied by the Undertaking has been received by the corporation, the claimant may at any time thereafter bring suit against the corporation to recover the unpaid amount of the claim or the advancement of expenses. If successful, in whole or in part, in such suit, such claimant shall also be entitled to be paid the reasonable expense thereof. It shall be a defense to any such action (other than action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required Undertaking has been tendered to the corporation) that the claimant has not met the standards of conduct which make it permissible under the DGCL for the corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the corporation. Neither the failure of the corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct required under the DGCL, nor an actual determination by the corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the claimant had not met such applicable standard of conduct, shall be a defense to the action or create a presumption that claimant had not met the applicable standard of conduct.

Section 4. Employee and Agents. The Board of Directors shall have the authority, by resolution, to provide for such indemnification of employees or agents of the Company as it shall deem appropriate.

Section 5. Non-Exclusivity of Rights. The rights conferred to any person by this Article shall not be exclusive of any other right which such person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, by-law, agreement, vote of stockholders or disinterested directors or otherwise.

Section 6. Insurance. The corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee, or agent, of, or person serving in any other capacity with, the corporation or another corporation, partnership, joint venture, trust or other enterprise against any expenses, liabilities or losses, whether or not the corporation would have the power to indemnify such person against such expenses, liabilities or losses under the DGCL.

Section 7. Contractual Nature. The provisions of this Article shall be applicable to all proceedings commenced after its adoption, whether such arise out of events, acts or omissions which occurred prior or subsequent to such adoption, and shall continue as to a person who has ceased to be a director, officer, or Delegate and shall inure to the benefit of the heirs, executors and administrators of such person. This Article shall be deemed to be a contract between the corporation and each person who, at any time that this Article is in effect, serves or agrees to serve in any capacity which entitles him to indemnification hereunder and any repeal or other modification of this Article or any repeal or modification of the DGCL or any other applicable law shall not limit any rights of indemnification then existing or arising out of events, acts or omissions occurring prior to such repeal or modification, including, without limitation, the right to indemnification for proceedings commenced after such repeal or modification to enforce this Article with regard to acts, omissions or events arising prior to such repeal or modification.

Section 8. Severability. If this Article or any portion hereof shall be invalidated or held to be unenforceable on any ground by any court of competent jurisdiction, the decision of which shall not have been reversed on appeal, such invalidity or unenforceability shall not affect the other

provisions hereof, and this Article shall be construed in all respects as if such invalid or unenforceable provisions had been omitted therefrom.

ARTICLE VIII

CERTIFICATES OF STOCK

Section 1. Every holder of stock in the corporation shall be entitled to have a certificate, signed by, or in the name of the corporation by the president or a vice-president (or by the chairman or the vice-chairman of the board of directors, if the corporation has such officers) and by the treasurer or an assistant treasurer or the secretary or an assistant secretary of the corporation, certifying the number of shares owned by him in the corporation.

Section 2. Where a certificate is countersigned (1) by a transfer agent other than the corporation or its employee, or, (2) by a registrar other than the corporation or its employee, any other signature on the certificate may be facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the board of directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and/or to give the corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

TRANSFER OF STOCK

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

FIXING RECORD DATE

Section 5. In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the board of directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the board of directors may fix a new record date for the adjourned meeting.

REGISTERED STOCKHOLDERS

Section 6. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE IX

GENERAL PROVISIONS

DIVIDENDS

Section 1. Dividends upon the capital stock of the corporation, subject to the provisions of the certificate of incorporation, if any, may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the certificate of incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

CHECKS

Section 3. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the corporation shall end on July 31.

SEAL

Section 5. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Delaware." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE X

AMENDMENTS

These by-laws may be altered, amended or repealed and new by-laws may be adopted by the board of directors at any meeting of the board.

THE OIL-DRI CORPORATION OF AMERICA DEFERRED COMPENSATION PLAN

ARTICLE 1 - INTRODUCTION

1.1 Purpose of Plan

Oil-Dri Corporation of America, a Delaware Corporation has adopted the Plan set forth herein to provide a means by which certain employees and non-employee directors may elect to defer receipt of designated percentages or amounts of their Compensation and bonuses.

1.2 Status of Plan

The Plan is intended to be "a plan which is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees" within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of the Employee Retirement Income Security Act of 1974 (ERISA), and shall be interpreted and administered to the extent possible in a manner consistent with that intent.

ARTICLE 2 - DEFINITIONS

Wherever used herein, the following terms have the meanings set forth below, unless a different meaning is clearly required by the context:

2.1 Account means for each Participant, the bookkeeping account established for his or her benefit under Section 5.1.

2.2 Change of Control has the meaning set forth in the Oil-Dri Corporation of America 1995 Long-Term Incentive Plan.

2.3 Code means the Internal Revenue Code of 1986, as amended from time to time. Reference to any section or subsection of the Code includes reference to any comparable or succeeding provisions of any legislation which amends, supplements or replaces such section or subsection.

2.4 Company means Oil-Dri Corporation of America, any successor to all or a major portion of the Company's assets or business which assumes the obligations of the Company, and each other entity that is affiliated with the Company which adopts the Plan with the consent of Oil-Dri Corporation of America.

2.5 Compensation means base salary, retainer or meeting fees payable to a Participant by the Company or an affiliate. Base salary is determined before giving effect to Elective Deferrals and other salary reduction amounts which are not included in the Participant's gross income under Code sections 125, 401(k), 402(h) or 403(b).

2.6 Effective Date means the date as of which the Plan first becomes effective, November 15, 1995.

2.7 Election Form means the participation election form as approved and prescribed by the Plan Administrator.

2.8 Elective Deferral means the portion of Compensation which is deferred by a Participant under Section 4.1.

2.9 Eligible Employee or Director means each employee of the Company who is at a salary grade of Grade 10 or higher at the time he or she elects to make Elective Deferrals or a non-employee who is a member of the Company's Board of Directors.

2.10 ERISA means the Employee Retirement Income Security Act of 1974, as amended from time to time. Reference to any section or subsection of ERISA includes reference to any comparable or succeeding provisions of any legislation which amends, supplements or replaces such section or subsection.

2.11 Insolvent means either (i) the Company is unable to pay its debts as they become due, or (ii) the Company is subject to a pending proceeding as a debtor under the United States Bankruptcy Code.

2.12 Participant means any individual who participates in the Plan in accordance with Article 3.

2.13 Plan means the Oil-Dri Corporation of America Deferred Compensation Plan and all amendments thereto.

2.14 Plan Administrator means the person, persons or entity designated by the Company from time to time to administer the Plan. If no such person or entity is so serving at any time, Oil-Dri Corporation of America shall be the Plan Administrator.

2.15 Plan Year means the 12-month period beginning January 1 and ending December 31.

2.16 Total and Permanent Disability means the inability of a Participant to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months, and the permanence and degree of which shall be supported by medical evidence satisfactory to the Plan Administrator.

ARTICLE 3 - PARTICIPATION

3.1 Commencement of Participation

Any individual who elects to defer part of his or her Compensation in accordance with Section 4.1 shall become a Participant in the Plan as of the date such deferrals commence in accordance with Section 4.1.

3.2 Continued Participation

A Participant in the Plan shall continue to be a Participant so long as any amount remains credited to his or her Account.

ARTICLE 4 - ELECTIVE DEFERRALS

4.1 Elective Deferrals

An individual who is an Eligible Employee or Director on the Effective Date may, by completing an Election Form and filing it with the Plan Administrator on or before the Effective Date, elect to defer a percentage or dollar amount of one or more payments of Compensation, on such terms as the Plan Administrator may permit, which are for services to be performed by the Participant in the Plan Year immediately following the Effective Date. A Participant may, by completing an Election Form and filing it with the Plan Administrator on or before March 15 of any Plan Year, elect to defer a percentage of any bonuses payable under the Oil-Dri Corporation of America Annual Incentive Plan in such Plan Year. A Participant other than a non-employee director may elect to defer only up to 50% of base salary, provided that such deferral shall equal a minimum of \$5,000 and up to 100% of any bonuses earned under the Oil-Dri Corporation of America Annual Incentive Plan for any Plan Year. A Participant who is a non-employee director may elect to defer all or any part of such Participant's Compensation. Any individual who becomes an Eligible Employer or Director after the Effective Date may, by completing an Election Form and filing it with the Plan Administrator within 30 days after becoming an Eligible Employee or Director, elect to defer a percentage or dollar amount of one or more payments of Compensation, on such terms as the Plan Administrator may permit, which are for services to be performed by the Participant after the date on which the individual files the Election Form. Any Eligible Employee or Director who has not otherwise initially elected to defer Compensation in accordance with this paragraph 4.1 may elect to defer a percentage or dollar amount of one or more payments of Compensation, on such terms as the Plan Administrator may permit, commencing with Compensation paid in the next succeeding Plan Year, by completing an Election Form and filing it with the Plan Administrator on or before November 15 of the year preceding such Plan Year. A Participant's Compensation shall be reduced in accordance with the Participant's election hereunder and amounts deferred hereunder shall be credited to the Participant's Account as of the date of the amounts would have been paid to the Participant absent the deferral election. Elective Deferrals shall not be in effect for any Participant during any period in which such Participant is eligible to receive benefits under the Company's Long Term Disability policy.

An election to defer a percentage or dollar amount of Compensation for any Plan Year or any bonus payable under the Oil-Dri Corporation of America Annual Incentive Plan, in such Plan Year shall apply for only such Plan Year. For each succeeding Plan Year an Eligible Employee or Director must make a new deferral election by completing and filing with the Plan Administrator an Election Form on or before the 15th of November preceding that Plan Year with respect to Compensation and before the 15th of March with respect to any bonus payable under the Oil-Dri Corporation of America Annual Incentive Plan in such Plan Year.

ARTICLE 5 - ACCOUNTS

5.1 Accounts

The Plan Administrator shall establish a bookkeeping Account for each Participant reflecting Elective Deferrals made for the Participant's benefit together with any adjustments for interest. As of the last business day of the Plan Year, the Plan Administrator shall provide the Participant, as soon as practicable after the end of such year, with a statement of his or her Account reflecting the amounts of deferrals, interest and distributions of such Account since the prior statement.

5.2 Interest Credited

Each Participant's account shall be credited quarterly with interest. The interest shall be determined by multiplying the account balance at the end of the quarter by a rate equal to one-fourth of an annual rate equal to the Company's short-term borrowing cost in effect at the end of the quarter for which the calculation is made. Such interest shall then be added to the Participant's account.

ARTICLE 6 - VESTING

6.1 General

A Participant shall be immediately vested in, i.e., shall have a nonforfeitable right to, all Elective Deferrals, and all interest attributable thereto, credited to his or her Account.

ARTICLE 7 - PAYMENTS

7.1 Election as to Time and Form of Payment

A Participant shall elect irrevocably on the Election Form the date at which the Elective Deferrals (including any interest attributable thereto) will commence to be paid to the Participant. Such date must be at least five years following the date at which such Elective Deferrals commence or the date of retirement, whichever occurs first. The Participant shall also elect thereon for payments to be paid in either:

- a. a single lump sum; or
- b. annual installments over a period elected by the Participant up to 15 years, the amount of each installment to equal the balance of his or her Account immediately prior to the installment divided by the number of installments remaining to be paid ("Annual Installments").

Each such election will be effective only for deferrals (including any interest attributable thereto) for the Plan Year for which it is made. Except as provided in Sections 7.2, 7.3, 7.4, or 7.5, payment of a Participant's Account shall be made in accordance with the Participant's elections under this Section 7.1.

7.2 Change of Control

The Plan will terminate upon a Change of Control. Immediately prior to the consummation of a transaction resulting in a Change of Control or, if not possible, as soon as possible following a Change of Control, each Participant shall be paid his or her entire Account balance in a single lump sum.

7.3 Termination of Employment Prior to Retirement Age

Upon termination of a Participant's employment for any reason other than Total and Permanent Disability or death prior to the attainment of the Retirement Age, which is age 55, the Participant's entire Account shall be paid to the Participant in a single lump sum as soon as practicable following the end of the quarter in which such termination occurs.

7.4 Death or Total and Permanent Disability

If a Participant dies or suffers a Total and Permanent Disability prior to the complete distribution of his or her Account, the balance of the Account shall be paid, according to the Participant's irrevocable election on the Election Form, to the Participant or in the event of the Participant's death to the Participant's designated beneficiary or beneficiaries. Payment in a single lump sum shall be made as soon as practicable following the end of the quarter in which death or Total and Permanent Disability occurs. Payment in annual installments shall commence the year immediately following the year in which death or Total and Permanent Disability occurs.

Any designation of beneficiary and form of payment to such beneficiary shall be made by the Participant on a designation/change of beneficiary form filed with the Plan Administrator and may be changed by the Participant at any time by filing another designation/change of beneficiary form containing the revised instructions. If no beneficiary is designated or no designated beneficiary survives the Participant, payment shall be made to the Participant's surviving spouse, or, if none, to his or her issue per stirpes, in a single payment. If no spouse or issue survives the Participant payment shall be made in a single lump sum to the Participant's estate.

7.5 Unforeseen Emergency

If a Participant suffers an unforeseen emergency, as defined herein, the Plan Administrator, in its sole discretion, may pay to the Participant only that portion, if any, of his or her Account which the Plan Administrator determines is necessary to satisfy the emergency need, including at the discretion of the Plan Administrator any amounts necessary to pay any federal, state and local income taxes reasonably anticipated to result from the distribution.

A Participant requesting emergency payment shall apply for the payment in writing in a form approved by the Plan Administrator and shall provide such additional information as the Plan Administrator may require. For purposes of this paragraph, "unforeseen emergency" means an immediate and heavy financial need resulting from any of the following:

- a. expenses which are not covered by insurance and which the Participant or his or her spouse or dependent has incurred as a result of sudden and unexpected illness or accident; or
- b. expenses which are not covered by insurance and which the Participant or his or her spouse or dependent has incurred or must incur as a result of a casualty loss.

7.6 Taxes

All federal, state and local taxes that the Plan Administrator determines are required to be withheld from any payments made pursuant to this Article 7 shall be withheld.

7.7 Claims Procedure

A Participant or beneficiary (a "Claimant") entitled to benefits may file a claim for such benefits with the Plan Administrator, in such form as permitted by the Plan Administrator. The claim will be evaluated and a decision rendered within ninety (90) days, unless special circumstances require an additional ninety (90) day extension of time.

A Claimant shall be given written notice of whether the claim is granted or denied, in whole or in part, including (1) specific reasons for the denial, (2) references to pertinent Plan provisions on which the denial is based, (3) a description of any additional material or information necessary to perfect the claim and explanation as to why necessary, and (4) the Claimant's right to seek review of the denial.

If denied, in whole or in part, the Claimant may make a written request for review of such denial to the Plan Administrator within 60 days after receipt of the denial, and may include pertinent documents, issues and comments to aid the Plan Administrator. The request will be evaluated and a decision rendered within sixty (60) days, unless special circumstances require an additional sixty (60) day extension of time. The written decision will specify reasons for the decision and references to Plan provisions upon which the decision is based.

A Claimant who fails to file a claim, or submit a request for review of an initial claim shall have no right to review and shall have no right to bring action in any court. The denial of the claim shall be final and binding on all persons for all purposes.

7.8 Section 162(m) Limitations

In the event that any amount to be paid pursuant to Section 7.1, 7.3, 7.4 or 7.5 would, in the Company's judgment, result in the non-deductibility, under Section 162(m) of the code, of any portion of such Participant's income payable by or attributable to the Company for the year in which such amount is to be paid, such amount shall not be paid in such year. Such nondeductible amount shall be payable in the following calendar year, as an addition to the annual installment scheduled to be paid in such following calendar year, if applicable, subject to the provisions of this Section 7.8.

ARTICLE 8 - PLAN ADMINISTRATOR

8.1 Plan Administration and Interpretation

The Plan Administrator shall oversee the administration of the Plan. The Plan Administrator shall have complete control and authority to determine the rights and benefits and all claims, demands and actions arising out of the provisions of the Plan of any Participant, beneficiary, deceased Participant, or other person having or claiming to have any interest under the Plan. The Plan Administrator shall have complete discretion to interpret the Plan and to decide all matters under the Plan. Such interpretation and decision shall be final, conclusive and binding on all Participants and any person claiming under or through any Participant, in the absence of the clear and convincing evidence that the Plan Administrator acted arbitrarily and capriciously. Any individual(s) serving as Plan Administrator who is a Participant will not vote or act on any matter relating solely to himself or herself. In such case, the Oil-Dri Corporation of America will appoint an individual to act as Plan Administrator to take such actions. When making a determination or calculation, the Plan Administrator shall be entitled to rely on information furnished by a Participant, a beneficiary or the Company. The Plan Administrator shall have the responsibility for complying with any reporting and disclosure requirements of ERISA.

8.2. Powers, Duties, Procedures, Etc.

The Plan Administrator shall have such powers and duties, may adopt such rules and tables, may act in accordance with such procedures, may appoint such officers or agents, may delegate such powers and duties, may receive such reimbursements, and shall follow such claims and appeal procedures with respect to the Plan as it may establish.

8.3 Information

To enable the Plan Administrator to perform its functions, the Company shall supply full and timely information to the Plan Administrator on all matters relating to the compensation of Participants, their employment, retirement, death, termination of employment, and such other pertinent facts as the Plan Administrator may require.

8.4 Indemnification of Plan Administrator

The Company agrees to indemnify and to defend to the fullest extent permitted by law any officer(s) or employee(s) who serve as Plan Administrator (including any such individual, whether a present or former employee, who formerly served as Plan Administrator) against all liabilities, damages, costs and expenses (including attorneys' fees and amounts paid in settlement of any claims approved by Oil-Dri Corporation of America) occasioned by any act or omission to act in connection with the Plan, if such act or omission is in good faith.

ARTICLE 9 - AMENDMENT AND TERMINATION

9.1 Amendments

Oil-Dri Corporation of America shall have the right to amend the Plan from time to time, subject to Section 9.3, by an instrument in writing which has been executed on Oil-Dri Corporation of America's behalf by its Chief Executive Officer or his delegate designated in writing, with the specific approval of the board of directors.

9.2 Termination of Plan

This Plan is strictly a voluntary undertaking on the part of the Company and shall not be deemed to constitute a contract between the Company and any Eligible Employee or Director (or any other employee) or a consideration for, or an inducement or condition of employment for the performance of the services by an Eligible Employee or Director (or other employee). Oil-Dri Corporation of America reserves the right to terminate the Plan at any time, subject to Section 9.3, by an instrument in writing which has been executed on Oil-Dri Corporation of America's behalf by its Chief Executive Officer or his delegate designated in writing, with the specific approval of the board of directors. In addition, the Plan shall terminate upon a Change of Control in accordance with Section 7.2.

9.3 Existing Rights

No amendment or termination of the Plan shall adversely affect the rights of any Participant with respect to amounts that have been credited to his or her Account prior to the date of such amendment or termination.

ARTICLE 10 - MISCELLANEOUS

10.1 No Funding

The Plan constitutes a mere promise by the Company to make payments in accordance with the terms of the Plan and Participants and beneficiaries shall have the status of general unsecured creditors of the Company. Nothing in the Plan will be construed to give any employee or any other person rights to any specific assets of the Company or of any other person. In all events, it is the intent of the Company that the Plan be treated as unfunded for tax purposes and for purposes of Title I of ERISA.

10.2 Non-assignability

None of the benefits, payments, proceeds or claims of any participant or beneficiary shall be subject to any claim of any creditor of any Participant or beneficiary, nor shall any Participant or beneficiary have any right to alienate, anticipate, commute, pledge, encumber or assign any of the benefits or payments or proceeds which he or she may expect to receive, contingently or otherwise, under the Plan.

10.3 Limitation of Participant's Rights

Nothing contained in the Plan shall confer upon any person a right to be employed or to continue in the employ of the Company, or interfere in any way with the right of the Company to terminate the employment of a Participant in the Plan at any time, with or without cause.

10.4 Participants Bound

Any action with respect to the Plan taken by Oil-Dri Corporation of America, the Plan Administrator or the Company or any action authorized by or taken at the director of the Plan Administrator or the Company shall be conclusive upon all Participants and beneficiaries entitled to benefits under the Plan.

10.5 Receipt and Release

Any payment to any Participant or beneficiary in accordance with the provisions of the Plan shall, to the extent thereof, be in satisfaction of claims against the Company and/or, the Plan Administrator under the Plan, and the Plan Administrator may require such Participant or beneficiary, as a condition precedent to such payment, to execute a receipt and release to such effect. If any Participant or beneficiary is determined by the Plan Administrator to be incompetent by reason of physical or mental disability, including minority, to give a valid receipt and release, the Plan Administrator may cause payment or payments becoming due to such person to be made to another person for his or her benefit without responsibility on the part of the Plan Administrator or the Company to follow the application of such funds.

10.6 Governing Law

The Plan shall be construed, administered, and governed in all respects under and by the laws of the state of Illinois. If any provision shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions hereof shall continue to be fully effective.

10.7 Headings and Subheadings

Headings and subheadings in this Plan are inserted for convenience only and are not to be considered in the construction of the provisions thereof.

WHEREAS, the Committee recommends the adoption of the new Oil-Dri Corporation of America Deferred Compensation Plan effective November 15, 1995;

NOW THEREFORE BE IT RESOLVED, that the Corporation hereby:

(1) Amends the Plan to prohibit deferrals under the Plan after December 31, 1995, to terminate any Stated Deferrals made with respect to Compensation earned after December 31, 1995 and empowers the Administrative Committee under the Plan to take such actions as necessary to effect such amendments; and

(2) Adopts the Oil-Dri Corporation of America Deferred Compensation Plan effective November 15, 1995, a copy of which is attached to these minutes as Exhibit A, and, in connection with that adoption confirms that the annual retainer paid a Director shall be for services rendered for the period beginning January 1 and ending December 31 of any calendar year in which a Director was a member of the Company's Board. If a Director fails to serve during the entire period, there shall be no pro-rata adjustment to the annual retainer.

OIL-DRI CORPORATION OF AMERICA AND SUBSIDIARIES

Computation of Weighted Average
Number of Shares Outstanding

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

Assuming exercise of option reduced by
the number of shares could have been

purchased with the proceeds from exercise

4,249

of such options

6,935,975

| | | | | | |
|---------------|-------------------------|----|-----------|------------|--|
| July 31, 1994 | 08/01/93 to 08/02/93 | 2 | 6,991,285 | 13,982,570 | |
| | 08/03/93 to 08/11/93 | 9 | 6,991,285 | 62,921,565 | |
| | 08/12/93 to 08/15/93 | 4 | 6,993,827 | 27,975,308 | |
| | 08/16/93 to 08/23/93 | 8 | 6,993,827 | 55,950,616 | |
| | 08/24/93 to 09/02/93 | 10 | 6,995,174 | 69,951,740 | |
| | 09/03/94 to 09/14/93 | 12 | 6,995,638 | 83,947,656 | |
| | 09/15/93 to 09/19/93 | 5 | 6,996,416 | 34,982,080 | |
| | 09/20/93 to 09/21/93 | 2 | 6,997,041 | 13,994,082 | |
| | 09/22/93 to 09/29/93 | 8 | 6,998,121 | 55,984,968 | |
| | 09/30/93 to 10/03/93 | 4 | 6,993,121 | 27,972,484 | |
| | 10/04/93 to 10/17/93 | 14 | 6,988,121 | 97,833,694 | |
| | 10/18/93 to 10/18/93 | 1 | 6,983,121 | 6,983,121 | |
| | 10/19/93 to 10/24/93 | 6 | 6,978,121 | 41,868,726 | |
| | 10/25/93 to 10/28/93 | 4 | 6,978,972 | 27,915,888 | |

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

Assuming exercise of option reduced by
the number of shares could have been

purchased with the proceeds from exercise 20,289
of such options 7,010,724

| | | | | |
|---------------|-------------|----|-----------|-------------|
| July 31, 1993 | 08/01/92 to | 9 | 6,992,793 | 62,935,137 |
| | 08/09/92 | | | |
| | 08/10/92 to | 14 | 6,993,845 | 97,913,830 |
| | 08/23/92 | | | |
| | 08/24/92 to | 99 | 6,993,859 | 692,392,041 |
| | 11/30/92 | | | |
| | 12/01/92 to | 3 | 6,998,547 | 20,995,641 |
| | 12/03/93 | | | |
| | 12/04/92 to | 12 | 6,999,619 | 83,995,428 |
| | 12/15/93 | | | |
| | 12/16/92 to | 20 | 7,001,911 | 140,038,220 |
| | 01/04/93 | | | |
| | 01/05/93 | 1 | 7,002,061 | 7,002,061 |
| | 01/06/93 to | 8 | 7,002,379 | 56,019,032 |
| | 01/13/93 | | | |
| | 01/14/93 to | 22 | 7,003,291 | 154,072,402 |
| | 02/04/93 | | | |
| | 02/05/93 to | 12 | 7,003,575 | 84,042,900 |
| | 02/16/93 | | | |
| | 02/17/93 | 1 | 7,005,696 | 7,005,696 |
| | 02/18/93 to | 8 | 7,003,696 | 56,029,568 |

| | | | | |
|-------------|-----|-----------|---------------|-----------|
| 02/25/93 | | | | |
| 02/26/93 to | 21 | 6,995,696 | 146,909,616 | |
| 03/18/93 | | | | |
| 03/19/93 to | 14 | 6,996,996 | 97,957,944 | |
| 04/01/93 | | | | |
| 04/02/93 to | 11 | 6,997,830 | 76,976,130 | |
| 04/12/93 | | | | |
| 04/13/93 to | 6 | 6,987,830 | 41,926,980 | |
| 04/18/93 | | | | |
| 04/19/93 to | 31 | 6,989,219 | 216,665,789 | |
| 05/19/93 | | | | |
| 05/20/93 to | 55 | 6,989,797 | 384,438,835 | |
| 07/13/93 | | | | |
| 07/14/93 to | 12 | 6,990,729 | 83,888,748 | |
| 07/25/93 | | | | |
| 07/26/93 to | 6 | 6,991,285 | 41,947,710 | |
| 07/31/93 | | | | |
| | 365 | | 2,553,153,708 | 6,994,942 |

Assuming exercise of option reduced by the number of shares could have been

purchased with the proceeds from exercise 36,174
of such options 7,031,116

| | | | | | |
|---------------|-------------|-----|-----------|---------------|-----------|
| July 31, 1992 | 08/01/91 to | 12 | 7,012,370 | 84,148,440 | |
| | 08/12/91 | | | | |
| | 08/13/91 to | 8 | 7,002,370 | 56,018,960 | |
| | 08/20/91 | | | | |
| | 08/21/91 to | 2 | 6,992,370 | 13,984,740 | |
| | 08/22/91 | | | | |
| | 08/23/91 to | 21 | 6,992,891 | 146,850,871 | |
| | 09/12/91 | | | | |
| | 09/13/91 to | 91 | 6,995,091 | 636,553,281 | |
| | 12/12/91 | | | | |
| | 12/13/91 to | 42 | 6,996,075 | 293,835,150 | |
| | 01/23/92 | | | | |
| | 01/24/92 to | 7 | 6,989,409 | 48,925,863 | |
| | 01/30/92 | | | | |
| | 01/31/93 to | 5 | 6,989,379 | 34,946,895 | |
| | 02/04/92 | | | | |
| | 02/05/92 to | 30 | 6,991,379 | 209,741,370 | |
| | 03/95/92 | | | | |
| | 03/06/92 to | 148 | 6,992,793 | 1,034,933,364 | |
| | | 366 | | 2,559,938,774 | 6,994,369 |

Assuming exercise of option reduced by the number of shares could have been

purchased with the proceeds from exercise 31,931
of such options 7,026,300

| | | | | | |
|---------------|-------------|----|-----------|-------------|--|
| July 31, 1991 | 08/01/90 to | 48 | 6,998,154 | 335,911,392 | |
| | 09/17/90 | | | | |
| | 09/18/90 to | 88 | 6,998,869 | 615,900,472 | |
| | 12/14/90 | | | | |
| | 12/15/90 to | 25 | 6,999,795 | 174,994,875 | |
| | 01/08/91 | | | | |
| | 01/09/91 to | 21 | 7,000,374 | 147,007,854 | |
| | 01/29/91 | | | | |
| | 01/30/91 to | 7 | 7,000,704 | 49,004,928 | |
| | 02/05/91 | | | | |
| | 02/06/91 to | 5 | 7,001,037 | 35,005,185 | |
| | 02/10/91 | | | | |
| | 02/11/91 to | 2 | 7,001,027 | 14,002,054 | |
| | 02/12/91 | | | | |
| | 02/13/91 to | 6 | 7,002,411 | 42,014,466 | |
| | 02/18/91 | | | | |
| | 02/19/91 | 1 | 7,002,681 | 7,002,681 | |
| | 02/20/91 to | 3 | 7,003,681 | 21,011,043 | |
| | 02/22/91 | | | | |
| | 02/23/91 to | 34 | 7,003,831 | 238,130,254 | |
| | 03/28/91 | | | | |
| | 03/29/91 to | 10 | 7,004,843 | 70,048,430 | |
| | 04/07/91 | | | | |
| | 04/08/91 to | 2 | 7,006,405 | 14,012,810 | |

| | | | | |
|-------------|-----|-----------|---------------|-----------|
| 04/09/91 | | | | |
| 04/10/91 to | 19 | 7,006,698 | 133,127,262 | |
| 04/28/91 | | | | |
| 04/29/91 to | 16 | 7,008,363 | 112,133,808 | |
| 05/14/91 | | | | |
| 05/15/91 to | 29 | 7,009,082 | 203,263,378 | |
| 06/12/91 | | | | |
| 06/13/91 to | 4 | 7,012,248 | 28,048,992 | |
| 06/16/91 | | | | |
| 06/17/91 to | 35 | 7,015,518 | 245,543,130 | |
| 07/21/91 | | | | |
| 07/22/91 | 1 | 7,016,884 | 7,016,884 | |
| 07/23/91 to | 9 | 7,017,370 | 63,156,330 | |
| 07/31/91 | | | | |
| | 365 | | 2,556,336,228 | 7,003,661 |

Assuming exercise of option reduced by
the number of shares could have been

| | | | | |
|---|--|--|--|-----------|
| purchased with the proceeds from exercise | | | | 51,129 |
| of such options | | | | 7,054,790 |

CREATING
VALUE
THROUGH
INNOVATION

1995 ANNUAL REPORT

NATIONAL FAMILY BUSINESS OF THE YEAR

Oil-Dri Corporation of America is very proud to have been named the National Family Business of the Year. Oil-Dri was first awarded the Illinois Family Business of the Year title by the Illinois Association of Family Businesses and the Loyola University Chicago Family Business Center. The national program was sponsored by Massachusetts Mutual and included hundreds of regional winners. Oil-Dri won in the large business category for companies with more than 250 employees.

Winners were chosen based on five key

criteria:

- The success of the business
- The positive links it has built
between family and business
- Multiple generation family business involvement
- Contributions to community and industry
- Innovative business practices or strategies

Oil-Dri is a publicly traded company with a very special combination of business and family practices. The Jaffee family is represented by eight family members and an additional 65 families are represented by two or more members at Oil-Dri. All of Oil-Dri's employees in the United States, Canada, England, Switzerland and our representatives around the globe, are part of the success of the organization. Everyone works together to make a difference in the quality of our products, our services and our organization.

Financial Highlights

| | 1995 | 1994 | Change |
|--|---------------|---------------|---------------|
| Net Sales* | \$152,899,109 | \$147,146,793 | +3.9% |
| Income from Operations | \$12,841,947 | \$14,428,277 | -11.0% |
| Income before Income Taxes | \$11,147,425 | \$13,159,384 | -15.3% |
| Net Income | \$ 8,002,828 | \$ 9,852,200 | -18.8% |
| Net Income per Share | \$ 1.15 | \$ 1.41 | -18.4% |
| Net Income as a Percentage of Sales | 5.2% | 6.7% | -1.5% |
| Return on Average Stockholders' Equity | 10.6% | 14.1% | -3.5% |
| Working Capital | \$33,074,318 | \$29,337,449 | +\$ 3,736,869 |
| Stockholders' Equity | \$78,338,383 | \$73,059,504 | +\$5,278,879 |
| Book Value per Share | \$ 11.35 | \$ 10.51 | +8.0% |
| Average Shares Outstanding | 6,935,975 | 7,010,724 | -1.1% |
| Dividends Declared | \$ 2,046,644 | \$ 1,806,736 | +13.3% |
| Capital Expenditures | \$ 7,032,064 | \$13,559,232 | -48.1% |
| Depreciation and Amortization | \$ 7,808,496 | \$ 6,798,038 | +14.9% |
| Long-Term Debt | \$20,422,265 | \$21,521,243 | -5.1% |

| SALES TRENDS* | (millions of dollars) | | | | |
|---------------------------------------|-----------------------|---------|---------|---------|---------|
| | 1995 | 1994 | 1993 | 1992 | 1991 |
| Consumer Products | \$82.9 | \$77.0 | \$73.3 | \$65.2 | \$53.7 |
| Industrial and Environmental Products | 18.9 | 19.9 | 19.0 | 19.1 | 18.6 |
| Agrisorbents Product Group | 16.6 | 18.3 | 18.4 | 14.9 | 10.7 |
| Pure-Flo Product Group | 13.0 | 13.2 | 10.1 | 6.1 | 5.8 |
| Foreign Subsidiaries | 12.2 | 11.2 | 12.4 | 11.0 | 10.5 |
| Transportation Services | 9.3 | 7.5 | 7.7 | 8.3 | 6.7 |
| | \$152.9 | \$147.1 | \$140.9 | \$124.6 | \$106.0 |

*Net sales and selling, general and administrative expenses reflect the

reclassification of trade marketing costs. See Note 1 to consolidated financial statements.

Land Holdings & Mineral Reserves

| | Land Owned (acres) | Land Leased (acres) | Total (acres) | Proven Reserves (1,000's of tons) |
|-------------|-----------------------|------------------------|------------------|--|
| Georgia | 1,282 | 2,004 | 3,286 | 45,185 |
| Mississippi | 2,034 | 1,423 | 3,457 | 116,293 |
| Oregon | 360 | 800 | 1,160 | 3,575 |
| Florida | 537 | 446 | 983 | 4,512 |
| Nevada | 709 | - | 709 | 23,316 |
| Illinois | 4 | - | 4 | - |
| | 4,926 | 4,673 | 9,599 | 192,881 |

DIVISIONAL REVIEW

Consumer Products

Oil-Dri manufactures approximately 25% of all the cat litter sold in the United States, an estimated \$720,000,000 retail market. The introduction of Cat's Pride Kat Kit disposable cat litter tray and the launching of the Cat's Pride Scoopable "Stretch Jug" should increase Oil-Dri's share of this market.

Industrial & Environmental Products

A comprehensive line of Oil-Dri Lite sorbents and Oil-Dri floor absorbents distinguishes Oil-Dri Corporation as a quality supplier of industrial maintenance products. The division is also working on innovative products for the home mechanic.

Agrisorbents Product Group

The Agrisorbents Product Group offers agricultural chemical formulators the highest quality carriers for their crop protection products. Global expansion of carriers and animal feed and nutrition products will provide growth opportunities in the future.

Pure-Flo Product Group

A combination of unique minerals and proprietary processes gives the Pure-Flo Product Group a technological edge in the fluid purification market. International expansion of existing product lines and development of new value-added products will build incremental sales.

PRIMARY RESOURCES

Research & Development

The most dynamic source of Oil-Dri's growth over the last fifty-four years has been from product innovations. Developments that can improve a refining process, increase a crop yield or keep a cat box fresher longer have all been generated by the scientific staff of the Nick Jaffee Sorbent Technologies Laboratory. Teams of scientists and technicians address the issues of each marketing group, manufacturing, environmental regulation and quality control.

Manufacturing and Raw Materials Development

Oil-Dri Corporation operates six production facilities in the United States. These plants are located near reserves of quality clay minerals. Attapulgite and montmorillonite are mined in the Southeast. Diatomaceous earth is mined in Oregon. Oil-Dri's facilities in Wisbech, United Kingdom and Quebec, Canada produce synthetic absorbents. The characteristics of our mineral reserves and the efficiency of our facilities allow Oil-Dri to produce high quality products at competitive prices.

Oil-Dri Transportation Company

Committed to providing logistics and transportation solutions that go beyond just moving products, Oil-Dri Transportation can customize transportation packages for our customers. Oil-Dri operates an extensive fleet of carriers and, in addition to over-the-road, can arrange rail or overseas shipping for any customer. Service and safety are the priorities of Oil-Dri Transportation.

LETTER TO THE SHAREHOLDERS

Creative Value Through Innovation

Fiscal 1995 has been a challenging year for Oil-Dri. We have accomplished a great deal including start-up of a new management information system, completion of a major plant expansion and implementation of a senior management reorganization and succession plan. These projects and the exciting new products developed for launch in fiscal 1996 place the Company in an extremely strong position. As our business grows in both size and complexity, we strive to create value through innovation.

This year's financial results did not reflect the qualitative successes of the year. Sales volumes did not meet expectations, and, in order to keep inventories in balance, production levels were reduced in the second half by approximately 20%. While each of our business units expanded distribution, lower usage rates in the agricultural and fluid purification businesses and a shift towards lower priced private labels in consumer products combined to reduce overall sales growth. Cost increases in packaging and transportation reduced profit margins, and we experienced an increase in our income tax rate. Due to the competitive nature of our businesses, we were not able to completely recover these cost increases through increased prices.

Sales for the year ended July 31, 1995, were \$152,899,000, up 4% versus last year's sales of \$147,147,000. Current and prior year's sales reflect a reclassification of trade marketing costs to selling expenses. This classification is common among companies in consumer products industries and reflects Oil-Dri's continued and planned growth in this area. Trade marketing costs were previously classified as a reduction of revenues. The reclassification increases sales, gross profits and selling expenses, each by the same amount, and has no effect on reported income from operations, net income or net income per share. The reclassification will primarily affect reported sales of the consumer division. Net income was \$8,003,000, off 19% from the \$9,852,000 earned a year ago. Income per share was \$1.15 versus last year's \$1.41.

While we were disappointed with sales and earnings for the year, our cash position, current ratio, balance sheet, infrastructure and organization are all very strong, and the qualitative successes of the past twelve months leave us well prepared to meet the opportunities and challenges of the coming years. Innovations in our products and our programs should allow us to deliver significant value to our customers and give us the competitive edge needed to distinguish ourselves in the future.

HIGHLIGHTS FOR THE YEAR

Since the start of fiscal 1995, Oil-Dri has been operating a new, state-of-the-art computer system. A significant, multi-year capital expenditure, this internally designed management information system will lead us into an age ever more dependent on the effective processing of data. All our departments are discovering improved methods of managing information available through this database system. This investment should provide the support required for the Company's continued growth.

A \$6,000,000 expansion of our Ripley, Mississippi production facility was completed on time and on budget. The project has increased our Agsorb capacity by 40% and provided the flexibility to produce floor absorbents and cat litters at this plant if demand requires it.

Oil-Dri Production Company in Christmas Valley, Oregon received that state's Outstanding Reclamation Award. In addition, plant personnel completed five years without a lost time accident.

The Company has implemented a new senior management organizational structure and succession plan. Dan Jaffee has accepted the responsibilities of president and chief operating officer as of August 1, 1995. Since coming to Oil-Dri from Price Waterhouse in 1987, Dan has led the turnaround of our Canadian subsidiary, Favorite Products, Ltd., and managed the Consumer Division, Data Processing, Manufacturing, and the Finance and Accounting groups.

Under the management of Tom Cofsky, the Logistics, Quality and Service Group was established to support our dedication to continuous improvement and our commitment to deliver quality products and services that exceed the expectations of our customers.

Fiscal 1995 marked the twenty-fourth consecutive year Oil-Dri has paid dividends to shareholders. During the year, the Company also spent \$825,000 to purchase 50,500 shares of its own stock on the open market. Our current ratio is 3.1 to 1 and our book value has increased to \$11.35.

The Company's research and geological study continues and our body of proven mineral reserves has reached 193 million tons. These mineral resources are the core of our business and, we believe, the highest quality collection of their kind in the industry. These reserves are an important asset of the Company.

Oil-Dri was chosen the National Family Business of the Year from hundreds of family businesses nominated all over the country. We are very proud of this award because it acknowledges the ethics and values of the entire Company including the more than 65 families that are represented by two or more members working at Oil-Dri.

LOOKING FORWARD

The past year has been a building block in the Company's history. Innovative technologies that promise to deliver increased sales to our consumer, agricultural and fluid purification divisions were developed during the year. Fiscal 1996 roll-out of these products will involve investment in marketing support and advertising, particularly in the consumer products group. These introductory expenses will reduce earnings in the coming year, but ultimately these investments should deliver greater earnings. These developments are discussed at length in the following pages.

I would like to thank all those who have supported Oil-Dri; our shareholders, directors, customers and employees have all played key roles in Oil-Dri's history and will be equally important in our future. I am pleased to have the opportunity to work with the next generation as we enter what will be an exciting and dynamic time for Oil-Dri.

Sincerely,
Richard M. Jaffee
Chairman and Chief Executive Officer

CONSUMER PRODUCTS

Oil-Dri's dollar share of the cat litter category has continued to grow throughout the last twelve months, reflecting the increased distribution gained over the course of the year. In the last reported quarter of fiscal 1995, Oil-Dri's cat litter sales were up 17%, outpacing category growth of approximately 8%.

Despite a sales mix that leaned toward less expensive, coarse cat litters, private labels and large package units, sales for the consumer division were up 8% for the year. Heightened competition for shelf space and promotions was also a challenge and prevented us from recovering all the increased costs in packaging and transportation seen throughout the year.

The consumer division has created value through innovation and the introduction of the Cat's Pride Kat Kit, a disposable cat litter tray. This product offers consumers a practically "touchless" system for the ultimate convenience in cat box care. Cat's Pride Kat Kit has created a great deal of interest among the trade, and national roll out of this product is scheduled for fiscal 1996.

Our Cat's Pride Scoopable "Stretch Jug" will also be launched in fiscal 1996. This package redesign will offer consumers 40% more cat litter than our competitors, at the same approximate cost. Cat's Pride Scoopable is lighter in density, giving consumers more scoops per pound. The "Stretch Jug" will leverage this important competitive advantage and deliver more value to consumers.

As part of the Cat's Pride Kat Kit and Cat's Pride Scoopable "Stretch Jug" introductions, we will be changing the focus of our marketing spending as well. Due to the uniqueness of these products we are investing in substantial advertising campaigns that will create awareness and drive consumer pull-through. This is a different strategy than the division has used in the past, but the potential growth opportunities these products provide should make this a profitable investment in the long term, returning significant growth for a fraction of what some of our competitors have paid for their national brand businesses. In the next year, these product introductions should deliver increases in sales. However, due to the additional spending associated with new product introductions, earnings for the division are expected to be down.

The consumer division has been strengthened with the addition of Steve Levy as general manager and Jim VanVliet as director of marketing. Both have a wealth of experience in the cat litter industry and in marketing major consumer brands. Their outlook, combined with our existing consumer team, will bring a fresh perspective to the value of our brands and their marketability.

INDUSTRIAL & ENVIRONMENTAL PRODUCTS

Sales and marketing of all our industrial products, both clays and polypropylene sorbents, are being consolidated under the management of Wade Bradley, the division's new general manager. Relocation of all activities to Alpharetta, Georgia will improve service to customers and assist in controlling operational costs.

Overall sales for the division were down 5% for the year due to increased competition. The division's goals are to streamline operations and reduce costs while increasing sales of value-added and more profitable sorbents. Although this is our most mature market, we expect improved performance and contribution.

While Oil-Dri is the best known name in industrial clay floor absorbents, innovation and service must be continuously improved to build our complete sorbent business. Value-added products will be the growth drivers in this business. Targeting automotive outlets, mass merchandisers and wholesalers, the division is working on consumer packaging of both Oil-Dri floor absorbents and Oil-Dri Lite products. Oil-Dri Concentrated floor absorbent is now sold through major wholesalers and provides a highly absorbent cleaning product for the home mechanic.

A newly established inside sales group will work with our existing sales force to manage accounts and increase productivity while reducing the cost of outside sales calls. Management of this sales force will focus on the profitability of each territory and the measurable activity of inside sales.

The division has also opened a new sorbent converting plant in Alpharetta. The plant's multiple production lines are equipped to handle meltblown polypropylene product rewinding, sheeting and stacking. Custom orders can be quickly converted to meet specific sorbent applications. The expansion of the division's meltblown polypropylene operations reflects Oil-Dri's commitment to the industry.

AGRISORBENTS PRODUCT GROUP

Agsorb carriers are the leading clay carrier in the agrichemical industry. Agsorb products are known for their quality and consistency and are regarded as the industry standard. In 1994, demand for Agsorb carriers was so high, the Agrisorbents Product Group was forced to turn away some volume. This past year, our customers used considerably lower volumes of Agsorb carriers due to reduced planting, surplus inventories and higher chemical loading of certain crop protection products. These issues combined to reduce divisional sales by 9%.

While demand for Agsorb carriers changes seasonally, we anticipate increases in 1996. These demand increases will come, in part, from two of our customers' successful EPA registration of new insecticides specified for use with Agsorb granule carriers. The Agrisorbents Product Group continues to promote value and service to our agricultural chemical customers, and the Ripley plant expansion will provide enough capacity to meet any fluctuations in demand.

New uses for Agsorb carriers are expanding in both geography and application. A special grade of Agsorb is being used by a major producer of agricultural products in Japan for distribution of a biotechnology-based inoculant. This biotechnology promotes growth and yield in flowers, fruits, vegetables and other plants. Agsorb carriers provide an easy-to-use distribution medium for the inoculant. The product has been introduced to the Japanese consumer market for home garden care.

Under the guidance of Chuck Boland, the new general manager, the division will place increased emphasis on the animal health and nutrition industry. Approximately \$2 billion worth of animal health and nutrition products were used in the animal feed industry in 1994, and this figure is growing at approximately 5% annually.

Conditionade, our newest animal feed pelleting product, improves quality in feed pellets and allows feed processors to handle high fat content feeds with less difficulty. This product has gained wide acceptance by animal health nutritionists.

Our research and development group will focus on creating additional value-added products for this market, and the Agrisorbents Product Group is concentrating more of their sales and marketing efforts on the animal health and nutrition markets.

PURE-FLO PRODUCT GROUP

The Pure-Flo Product Group has broken new ground in the bleaching and clarification of oils. Extremely active raw minerals, innovative technologies and unsurpassed technical support are all combined to offer refiners of oils, both edible and petroleum, the opportunity to improve their own processes and products. The Pure-Flo Product Group has successfully expanded distribution of Pure-Flo bleaching clays and Ultra-Clear clarification aids on a worldwide basis with customers in over 45 countries.

The exceptional quality of the crude vegetable oils being refined last year greatly reduced consumption of bleaching clay. A number of major customers were able to cut their bleaching clay requirements by more than half. Sales to Malaysia, our largest foreign market, were also negatively impacted by poor growing conditions and trade restrictions. To offset reversals in more traditional markets, the division expanded its global presence by adding new customers in Europe, Asia and Latin America. This expansion is particularly positive in light of increased competition. Competition was a key factor in Mexico, where the devaluation of the peso made it virtually impossible to compete with local producers. Overall, divisional sales were flat.

Growth opportunities in the upcoming year are exciting. The Pure-Flo Product Group successfully introduced three new products at the end of fiscal 1995. These higher value products should increase sales and contribute to the division's profitability in fiscal 1996.

Pure-Flo FP80 adsorbent was developed for use in food processing applications. Pure-Flo FP80 removes contaminating enzymes that soften pickles while they are in the brine tanks. Typically, with over 4000 gallons of brine and 26 tons of pickles per tank, the contamination of one tank can be very expensive. Pure-Flo FP80 can eliminate these costs if used as both a preventative treatment and in the recovery of contaminated brine tanks.

Renew L80 is being used as a filter medium in the growing residential water purification market. Renew L80 removes metal ions, such as lead, and other impurities from tap water. This is the first of several potential applications for Renew products.

Select 350 adsorbent has been developed for use in the refining of edible oils to replace an expensive water wash centrifuge process. Used upstream from Pure-Flo bleaching clays, Select 350 improves overall oil quality and can eliminate the waste stream generated by traditional water wash methods of removing soaps, metals and phospholipids.

Fielden Fraley, the general manager of the division, and Nick Gershon, the vice-president in charge of international activities, will focus on several opportunities: global expansion of our core fluid purification products, development of next generation adsorbents for existing fluid purification applications, and development of new products for applications in petroleum, petrochemical, food and beverage markets.

A HISTORICAL PERSPECTIVE

In 1985...

The Dow Jones Average closed at a new record, 1553.10.

Ronald Reagan began his second term.

The Coca-Cola Company shocked the public with the introduction of a new formula for Coke*. The public responded so forcefully, that the company was forced to reintroduce the traditional 99-year-old recipe for the famous soft drink.

And...

Oil-Dri recorded record sales of \$46,000,000.

Fresh Step**, one of the cat litters Oil-Dri manufacturers for The Clorox Company, had its first year of national distribution.

Oil-Dri acquired the Anshutz Mineral Company's plant facilities and mineral reserves.

The market capital of Oil-Dri reached almost \$60,000,000.

Since 1985 Oil-Dri's sales and income have more than tripled. Mineral reserves have increased five fold, from 38 to 193 million tons. The employee count has grown from 400 to 700. This growth is the result of constant innovation and a commitment to continuous improvement.

*Coke is a registered trademark of The Coca-Cola Company.

**Fresh Step is a registered trademark of The Clorox Company.

Five Year Summary of Financial Data

| SUMMARY OF OPERATIONS | Year Ended July 31 | | | | |
|---|--------------------|---------------|---------------|---------------|---------------|
| | 1995 | 1994 | 1993 | 1992 | 1991 |
| Net Sales* | \$152,899,109 | \$147,146,793 | \$140,866,110 | \$124,584,756 | \$106,053,920 |
| Cost of Sales | 108,268,431 | 102,456,815 | 97,396,563 | 85,116,335 | 74,370,331 |
| Gross Profit | 44,630,678 | 44,689,978 | 43,469,547 | 39,468,421 | 31,683,589 |
| Selling, General and | | | | | |
| Administrative Expenses* | 31,788,731 | 30,261,701 | 29,420,831 | 28,835,931 | 21,646,725 |
| Income from Operations | 12,841,947 | 14,428,277 | 14,048,716 | 10,632,490 | 10,036,864 |
| Other Income (Expense) | | | | | |
| Interest Income | 448,268 | 440,796 | 451,519 | 514,756 | 601,608 |
| Interest Expense | (1,751,666) | (1,751,839) | (1,728,817) | (1,884,166) | (1,363,039) |
| Foreign Exchange (Losses) Gains | (5,463) | 3,009 | (87,655) | 63,471 | (22,636) |
| Amortization of Goodwill | (132,048) | (132,001) | (131,799) | (131,079) | (131,079) |
| Other, Net | (253,613) | 171,142 | (298,485) | 15,198 | 50,178 |
| Total Other Expense, Net | (1,694,522) | (1,268,893) | (1,795,237) | (1,421,820) | (864,968) |
| Income before Income Taxes | 11,147,425 | 13,159,384 | 12,253,479 | 9,210,670 | 9,171,896 |
| Income Taxes | 3,144,597 | 3,307,184 | 2,833,837 | 2,110,262 | 2,092,130 |
| Net Income | \$8,002,828 | \$ 9,852,200 | \$ 9,419,642 | \$7,100,408 | \$7,079,766 |
| Average Shares Outstanding | 6,935,975 | 7,010,724 | 7,031,116 | 7,026,300 | 7,054,709 |
| Net Income per Share | \$1.15 | \$1.41 | \$1.34 | \$1.01 | \$1.00 |
| Important Highlights | | | | | |
| Total Assets | \$116,987,683 | \$112,267,182 | \$102,116,632 | \$95,017,573 | \$89,393,673 |
| Long-Term Debt | \$ 20,422,265 | \$ 21,521,243 | \$ 17,765,941 | \$18,831,133 | \$20,175,930 |
| Working Capital | \$ 33,074,318 | \$ 29,337,449 | \$ 26,043,415 | \$24,358,769 | \$24,763,055 |
| Working Capital Ratio | 3.1 | 3.0 | 2.7 | 2.8 | 3.4 |
| Capital Expenditures | \$ 7,032,064 | \$ 13,559,232 | \$ 9,158,173 | \$ 8,039,979 | \$10,415,543 |
| Depreciation and | | | | | |
| Amortization | \$ 7,808,496 | \$ 6,798,038 | \$ 5,834,854 | \$ 5,407,341 | \$ 4,830,835 |
| Long-Term Debt to Equity Ratio | 26.1% | 29.5% | 26.7% | 31.6% | 36.9% |
| Net Income as a Percent of | | | | | |
| Net Sales* | 5.2% | 6.7% | 6.7% | 5.7% | 6.7% |
| Return on Average Stockholders' Equity | 10.6% | 14.1% | 14.9% | 12.4% | 13.7% |
| Gross Profit as a Percent of | | | | | |
| Net Sales* | 29.2% | 30.4% | 30.9% | 31.7% | 29.9% |
| Operating Expenses as a | | | | | |
| Percent of Net Sales* | 20.8% | 20.6% | 20.9% | 23.1% | 20.4% |

*Net sales and selling, general and administrative expenses reflect the reclassification of trade marketing costs. See Note 1 to consolidated financial statements.

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

Results of Operations

Fiscal 1995 Compared to Fiscal 1994

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

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

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

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

Interest expense and interest income remained substantially unchanged in fiscal 1995.

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

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

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

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

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

The Company expects increased sales in fiscal 1996, primarily in the consumer grocery markets due to increased distribution and the introduction of new products and package sizes. Consolidation of cat box absorbent manufacturers has continued over the past year, and increased competition in the grocery and mass merchandising industry is expected. Moderate sales growth is also expected in the Company's fluid purification and agricultural lines as new filtration, agricultural carrier and animal feed products are commercialized. Sales in the industrial and transportation lines are expected to continue at levels similar to those achieved in fiscal 1995. The Company expects earnings to be somewhat lower in fiscal 1996 due to costs associated with new product introductions in the consumer market. These costs include substantial consumer advertising, slotting allowances and introductory promotional programs.

Liquidity and Capital Resources

In fiscal 1995, the current ratio increased to 3.1 from 3.0 as of July 31, 1994. Working capital increased \$3,737,000 or 12.7% for the year ended July 31, 1995. Cash provided by operations continued to be the Company's primary source of funds to finance operating needs and capital expenditures. In fiscal 1995 net cash flows from operating activities increased 25.4% to \$12,317,000. This cash was used to fund capital expenditures of \$7,032,000, pay Company dividends of \$1,983,000 and repurchase shares of the Company's Common Stock at a cost of \$825,000. The Company may continue to repurchase its Common Stock from time to time. As of July 31, 1995, total consolidated cash and investments were \$11,162,000, up 14.5% from \$9,746,000 as of July 31, 1994. Of this amount, balances held by the Company's foreign subsidiaries as of July 31, 1995 and 1994 were \$3,296,000 and \$3,220,000, respectively.

The Company's long-term debt as of July 31, 1995 decreased \$1,099,000 or 5.1% from fiscal 1994 balances, primarily due to scheduled debt repayments. Long-term debt to equity decreased to 26.1% from 29.5% as of July 31, 1994.

The Company's line-of-credit arrangements are discussed in Note 3 to the consolidated financial statements. During the year ended July 31, 1995 there were no borrowings under the line of credit. Management believes that funds generated from operations and available borrowing capacity are adequate to meet the Company's cash needs for fiscal 1996.

Proceeds from issuance of common stock were directly related to activities in the Company's stock option plans. In fiscal year 1995 no shares were issued under option plans. During fiscal year 1994, options for 50,641 shares were exercised, creating an additional \$163,800 of stockholders' equity.

Fiscal 1994 Compared to Fiscal 1993

Consolidated net sales for the year ended July 31, 1994 were \$147,147,000, an increase of 4.5% over net sales of \$140,866,000 in fiscal 1993. Net income for fiscal 1994 was \$9,852,000 or \$1.41 per share, increasing 4.6% from net income of \$9,420,000 or \$1.34 per share in fiscal 1993.

Sales increases were primarily the result of increased unit shipments and increased sales per unit due to changes in product sales mix. Net sales of industrial and environmental sorbents, consisting of clay and non-clay products, increased \$987,000 or 5.2% from prior year levels due to increased unit shipments of clay products. Net sales of industrial clay products rose \$1,504,000 or 11.9% from prior year levels. Mass merchandisers and warehouse clubs increased their importance as distribution outlets for traditional clay floor absorbents. Increased sales in this area were due in part to the Company's strong position in these growing distribution channels. Sales of non-clay sorbents decreased \$517,000 or 8.2%, reflecting increased competition in the markets in which the Company participates.

Net sales of cat box absorbents increased \$3,668,000 or 5.0% above fiscal 1993 levels. This growth was driven by unit sales increases of scoopable cat litters in the mass merchandising and wholesale club markets. Net sales of agricultural carriers and absorbents remained unchanged from the prior fiscal year. While demand for these products was strong, capacity limitations and weather related difficulties prevented the Company from meeting customer demand. Net sales of fluid purification absorbents increased \$3,040,000 or 30.0% versus fiscal 1993 due to the increased global market penetration of PURE-FLO Supreme. Sales of transportation services decreased \$200,000 or 2.6% from fiscal 1993 levels. This reduction was due to the national shortage of qualified over the road drivers and longer running times due to weather conditions.

Consolidated gross profit as a percentage of net sales decreased slightly to 30.4% of net sales in fiscal 1994 from 30.9% in fiscal 1993. This decline was principally due to increased material and shipping costs. Severe winter storms, particularly in the Northeast United States, stimulated sales of cat box absorbents and floor absorbents for use as traction aids. This unusually high demand reduced inventory levels while weather related manufacturing and delivery disruptions occurred. In order to meet customer needs, large quantities of semi-finished product were purchased at high costs. These purchases, combined with additional finishing costs, overtime labor and increased shipping charges adversely affected cost of goods sold. Finally, to overcome certain capacity limitations, meet shipping commitments and retain customer goodwill, the Company shifted production between manufacturing facilities, the effect of which was to increase production and shipping costs. As discussed below, the Company expanded plant capacity and increased inventory to address these matters.

Operating expenses as a percentage of net sales decreased to 20.6% of net sales in fiscal 1994 from 20.9% of net sales in fiscal 1993. This change reflects management's continued focus on controlling overhead costs.

Interest expense increased \$23,000 due to higher average debt levels netted against lower interest rates achieved through debt restructuring in fiscal 1993. Interest income decreased \$11,000.

The Company's effective tax rate was 25.1% of income in fiscal 1994 compared to 23.1% in the prior fiscal year. This increase was the result of reduced depletion deductions related to mining activities and the elimination of amortization of investment credits which benefited prior years.

Total assets of the Company increased \$10,151,000 or 9.9% during the year ended July 31, 1994. Current assets increased \$3,335,000 or 8.1% from prior fiscal year-end balances due to higher accounts receivable balances from increased sales. In addition, inventory balances increased as a result of a new inventory management initiative designed to minimize product shortages discussed above.

Property, plant and equipment, net of accumulated depreciation and amortization, increased \$6,513,000 or 12.1%. Investments in property, plant and equipment included expenditures for increased productivity, major capacity enhancements, pollution control, and equipment upgrades.

As of July 31, 1994, the Company had invested approximately \$717,000 in Kamterter, Inc., a company which researches and applies biotechnology in the agricultural field. This investment, recorded at cost, represents a 14% equity interest in Kamterter. Current operating losses had increased Kamterter's negative net worth.

Total liabilities increased \$3,534,000 or 9.9% in the year ended July 31, 1994. In April 1993, the Company entered into a \$5,000,000 fixed-rate term loan agreement with Harris Trust and Savings Bank. These proceeds were used to fund capital expenditures, including a major capacity increase of the Company's Ripley, Mississippi facility. Current liabilities increased \$41,000.

Foreign Subsidiaries

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

Net sales made by the Company's foreign subsidiaries for the year ended July 31, 1994 were \$11,248,000, constituting 7.6% of sales. This amount represented a decrease of \$1,185,000 or 9.5% from fiscal 1993, in which foreign subsidiary sales were \$12,433,000 and constituted 8.8% of sales. Net income of the Company's foreign subsidiaries during fiscal 1994 was \$403,000, as compared to \$617,000 in fiscal 1993. This decrease was principally due to the decline in value of the Canadian dollar and British pound versus the U.S. dollar. The identifiable assets of the Company's foreign subsidiaries as of July 31, 1994 were \$9,608,000, a decrease of 15% from fiscal 1993 year-end balances, also due to the falling Canadian dollar.

Consolidated Statements of Financial Position

| | 1995 | 1994 |
|---|---------------|---------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents (Note 1) | \$ 8,829,667 | \$ 6,394,315 |
| Investment securities, at cost, which approximates market | 2,332,665 | 3,351,423 |
| Accounts receivable | 21,529,168 | 19,854,899 |
| Less allowance for doubtful accounts | (180,602) | (171,940) |
| Inventories (Note 1) | 10,917,099 | 11,203,008 |
| Prepaid expenses | 5,317,169 | 3,730,298 |
| Total Current Assets | 48,745,166 | 44,362,003 |
| Property, Plant and Equipment, at Cost (Notes 1 and 3) | | |
| Buildings and leasehold improvements | 15,335,526 | 14,742,017 |
| Machinery and equipment | 76,721,765 | 65,563,903 |
| Office furniture and equipment | 7,831,961 | 7,341,440 |
| Vehicles | 117,906 | 114,246 |
| | 100,007,158 | 87,761,606 |
| Less accumulated depreciation and amortization | (47,498,516) | (39,949,247) |
| | 52,508,642 | 47,812,359 |
| Construction in progress | 1,289,855 | 6,836,910 |
| Land and mineral rights | 5,660,898 | 5,594,295 |
| Total Property, Plant and Equipment, Net | 59,459,395 | 60,243,564 |
| Other Assets | | |
| Goodwill (Net of accumulated amortization of \$1,073,404 in 1995 and \$941,356 in 1994)(Note 9) | 4,304,286 | 4,436,334 |
| Deferred income taxes (Note 4) | 484,324 | - |
| Other | 3,994,512 | 3,225,281 |
| Total Other Assets | 8,783,122 | 7,661,615 |
| Total Assets | \$116,987,683 | \$112,267,182 |

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

| | JULY 31 | |
|---|----------------------|----------------------|
| | 1995 | 1994 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current Liabilities | | |
| Current maturities of notes payable (Note 3) | \$ 1,097,976 | \$ 1,243,479 |
| Accounts payable | 4,710,251 | 4,677,793 |
| Dividends payable | 511,166 | 449,302 |
| Accrued expenses | | |
| Salaries, wages and commissions | 2,362,102 | 3,180,455 |
| Trade promotions and advertising | 4,272,740 | 3,257,985 |
| Freight | 747,042 | 838,760 |
| Other | 1,969,571 | 1,376,780 |
| Total Current Liabilities | 15,670,848 | 15,024,554 |
| Noncurrent Liabilities | | |
| Notes payable (Note 3) | 20,422,265 | 21,521,243 |
| Deferred income taxes (Note 4) | - | 323,379 |
| Deferred compensation (Note 5) | 1,778,075 | 1,761,818 |
| Other | 778,112 | 576,684 |
| Total Noncurrent Liabilities | 22,978,452 | 24,183,124 |
| Total Liabilities | 38,649,300 | 39,207,678 |
| Stockholders' Equity | | |
| Common and Class B stock (Note 6) | 723,352 | 723,352 |
| Paid-in capital in excess of par value | 7,657,394 | 7,657,394 |
| Retained earnings | 76,033,462 | 70,077,278 |
| Cumulative translation adjustments (Note 1) | (987,781) | (1,135,951) |
| | 83,426,427 | 77,322,073 |
| Less treasury stock, at cost (Note 6) | (5,088,044) | (4,262,569) |
| Total Stockholders' Equity | 78,338,383 | 73,059,504 |
| | | |
| Total Liabilities and Stockholders' Equity | \$116,987,683 | \$112,267,182 |

Consolidated Statements of Income

| | Year Ended July 31 | | |
|---|--------------------|--------------------|--------------------|
| | 1995 | 1994 | 1993 |
| Net Sales (Note 1) | \$152,899,109 | \$147,146,793 | \$140,866,110 |
| Cost of Sales | 108,268,431 | 102,456,815 | 97,396,563 |
| Gross Profit | 44,630,678 | 44,689,978 | 43,469,547 |
| Selling, General and Administrative Expenses (Note 1) | 31,788,731 | 30,261,701 | 29,420,831 |
| Income from Operations | 12,841,947 | 14,428,277 | 14,048,716 |
| Other Income (Expense) | | | |
| Interest income | 448,268 | 440,796 | 451,519 |
| Interest expense | (1,751,666) | (1,751,839) | (1,728,817) |
| Foreign exchange (losses) gains | (5,463) | 3,009 | (87,655) |
| Amortization of goodwill (Note 9) | (132,048) | (132,001) | (131,799) |
| Other, net | (253,613) | 171,142 | (298,485) |
| Total Other Expense, Net | (1,694,522) | (1,268,893) | (1,795,237) |
| Income before Income Taxes | 11,147,425 | 13,159,384 | 12,253,479 |
| Income Taxes (Note 4) | 3,144,597 | 3,307,184 | 2,833,837 |
| Net Income | \$ 8,002,828 | \$ 9,852,200 | \$ 9,419,642 |
| Average Shares Outstanding (Note 6) | 6,935,975 | 7,010,724 | 7,031,116 |

| | | | | | | |
|-------------------------------|----|------|----|------|----|------|
| Net Income Per Share (Note 6) | \$ | 1.15 | \$ | 1.41 | \$ | 1.34 |
|-------------------------------|----|------|----|------|----|------|

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

Consolidated Statements of Stockholders' Equity

| | Shares | | Amount | Paid-In Capital In Excess of Par Value | Retained Earnings |
|---|-----------|-----------|------------|---|----------------------|
| | Common | Class B | | | |
| Balance, July 31, 1992 | 4,978,919 | 2,173,755 | \$ 715,267 | \$ 6,592,064 | \$54,291,066 |
| Net income | - | - | - | - | 9,419,642 |
| Dividends declared | - | - | - | - | (1,678,894) |
| Issuance of stock under option plans (Note 7) | 28,095 | - | 2,810 | 349,014 | - |
| Awards of stock to employees | 1,072 | - | 107 | 21,026 | - |
| Balance, July 31, 1993 | 5,008,086 | 2,173,755 | 718,184 | 6,962,104 | 62,031,814 |
| Net income | - | - | - | - | 9,852,200 |
| Dividends declared | - | - | - | - | (1,806,736) |
| Issuance of stock under option plans (Note 7) | 50,641 | - | 5,064 | 673,988 | - |
| Awards of stock to employees | 1,036 | - | 104 | 20,916 | - |
| Reissuance of treasury shares | - | - | - | 386 | - |
| Conversion of Class B Stock to Common Stock (Note 6) | 40,860 | (40,860) | - | - | - |
| Balance, July 31, 1994 | 5,100,623 | 2,132,895 | 723,352 | 7,657,394 | 70,077,278 |
| Net income | - | - | - | - | 8,002,828 |
| Dividends declared | - | - | - | - | (2,046,644) |
| Conversion of Class B Stock to Common Stock (Note 6) | 18,201 | (18,201) | - | - | - |
| Balance, July 31, 1995 | 5,118,824 | 2,114,694 | \$ 723,352 | \$7,657,394 | \$76,033,462 |

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

Consolidated Statements of Cash Flows

| | Year Ended July 31 | | |
|--|--------------------|--------------|--------------|
| | 1995 | 1994 | 1993 |
| Cash Flows from Operating Activities | | | |
| Net income | \$ 8,002,828 | \$ 9,852,200 | \$ 9,419,642 |
| Adjustments to reconcile net income to net cash provided by operating activities | | | |
| Depreciation and amortization | 7,808,496 | 6,798,038 | 5,834,854 |
| Provision for bad debts | 51,013 | 4,744 | 72,890 |
| (Increase) decrease in | | | |
| Accounts receivable | (1,680,287) | (1,502,865) | (2,827,243) |
| Inventories | 319,844 | (3,186,879) | (1,156,110) |
| Prepaid expenses and taxes | (1,608,299) | (1,114,801) | 1,149,110 |
| Other assets | (731,846) | (473,484) | (512,544) |
| Increase (decrease) in | | | |
| Accounts payable | 774,083 | (916,395) | 1,335,395 |
| Income taxes payable | - | - | (2,974) |
| Accrued expenses | (32,319) | 627,825 | 1,269,804 |
| Deferred income taxes | (804,004) | (946,058) | (808,092) |
| Deferred investment tax credits | - | - | (114,816) |
| Deferred compensation | 16,257 | 381,872 | 314,690 |
| Other | 201,428 | 300,336 | 263,223 |
| Total Adjustments | 4,314,366 | (27,667) | 4,818,187 |
| Net Cash Provided by Operating Activities | 12,317,194 | 9,824,533 | 14,237,829 |
| Cash Flows from Investing Activities | | | |
| Capital expenditures | (7,032,064) | (13,559,232) | (9,158,173) |
| Purchases of investment securities | (3,691,201) | (11,750,654) | (11,084,764) |
| Dispositions of investment securities | 4,722,543 | 13,910,258 | 8,126,841 |
| Other | 159,709 | 399,295 | (28,422) |
| Net Cash Used in Investing Activities | (5,841,013) | (11,000,333) | (12,144,518) |

(Continued)

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

Consolidated Statements of Cash Flows

(Continued)

| | Year Ended July 31 | | |
|--|--------------------|-------------|-------------|
| | 1995 | 1994 | 1993 |
| Cash Flows from Financing Activities | | | |
| Principal payments on long-term debt | (1,244,481) | (743,834) | (8,408,802) |
| Proceeds from issuance of long-term debt | - | 5,000,000 | 6,510,720 |
| Proceeds from issuance of Common Stock | - | 700,458 | 372,957 |
| Net payments of loan issuance costs | - | - | (43,047) |
| Dividends paid | (1,983,291) | (1,804,002) | (1,613,106) |
| Purchase of treasury stock | (825,475) | (1,894,762) | (668,205) |
| Other | 12,418 | 1,025 | (210,980) |
| Net Cash (Used in) Provided by Financing Activities | (4,040,829) | 1,258,885 | (4,060,463) |
| Net Increase (Decrease) in Cash and Cash Equivalents | 2,435,352 | 83,085 | (1,967,152) |
| Cash and Cash Equivalents, Beginning of Year | 6,394,315 | 6,311,230 | 8,278,382 |
| Cash and Cash Equivalents, End of Year | \$8,829,667 | \$6,394,315 | \$6,311,230 |

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

Notes to Consolidated Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

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

No provision has been made for possible income taxes which may be paid on the distribution of approximately \$6,759,000 and \$6,576,000 as of July 31, 1995 and 1994, respectively, of the retained earnings of foreign subsidiaries, as substantially all such amounts are intended to be indefinitely invested in these subsidiaries or no additional income taxes would be incurred when such earnings are distributed. It is not practicable to determine the amount of income taxes or withholding taxes that would be payable upon the remittance of assets that represent those earnings.

Revenue Recognition

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

Income Taxes

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

Interest Rate Derivative Instruments

Interest differentials on a swap contract (Note 3) are recorded as interest expense in the contract period incurred. The Company recognized additional interest expense of \$58,900, \$98,300 and \$103,100 in fiscal years 1995, 1994 and 1993, respectively, as a result of this contract.

Reclassification

During the year ended July 31, 1995, trade marketing costs, previously accounted for as a reduction of sales, were reclassified as selling, general and administrative expenses. Significant items reclassified include the costs of vendor cooperative advertising programs, vendor incentive programs and slotting allowances. The presentation is common in the consumer products industry. The reclassification increased reported net sales, gross profits and selling, general and administrative expenses by the same amount, and had no effect on reported income from operations, net income or net income per share. The effect on previously reported quarterly net sales and gross profits has been reflected in Note 12. Total amounts reclassified for the years ended July 31, 1995, 1994 and 1993 were \$9,257,351, \$7,337,209 and \$6,106,527, respectively.

Certain other items in prior year financial statements have been reclassified to conform to the presentation used in fiscal 1995.

Notes to Consolidated Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Translation of Foreign Currencies

Assets and liabilities of foreign subsidiaries are translated at the current exchange rate. Income statement items are translated at the average exchange rate on a monthly basis. Resulting translation adjustments are recorded as a separate component of stockholders' equity.

Changes in the cumulative translation adjustments account are as follows:

| | 1995 | 1994 | 1993 |
|--|---------------|---------------|-------------|
| Balance, at beginning of year | \$(1,135,951) | \$(901,783) | \$(243,537) |
| Translation adjustments resulting | | | |
| from exchange rate changes and intercompany transactions | 148,170 | (234,168) | (658,246) |
| Balance, at end of year | \$(987,781) | \$(1,135,951) | \$(901,783) |

Cash and Cash Equivalents

Cash and cash equivalents are highly liquid investments with maturities of three months or less when purchased. The carrying amount approximates fair value.

Inventories

The composition of inventories is as follows:

| | 1995 | 1994 |
|----------------|--------------|--------------|
| Finished goods | \$ 6,849,536 | \$ 5,257,765 |
| Bags | 2,575,259 | 3,431,828 |
| Supplies | 1,272,443 | 2,329,938 |
| Fuel oil | 219,861 | 183,477 |
| | \$10,917,099 | \$11,203,008 |

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

Concentration of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash investments and accounts receivable. The Company places its cash investments in government backed instruments, both foreign and domestic, and with other high quality institutions. Concentrations of credit risk with respect to accounts receivable are subject to the financial condition of certain major customers, principally those referred to in Note 2.

The Company generally does not require collateral to secure customer receivables.

Notes to Consolidated Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Plant and Equipment

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

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

Research and Development

Research and development costs of \$1,826,000 in 1995, \$1,875,000 in 1994 and \$1,509,000 in 1993 were charged to expense as incurred.

Advertising Costs

The Company defers recognition of advertising production costs until the first time the advertising takes place.

NOTE 2 - BUSINESS AND GEOGRAPHIC REGION INFORMATION

The Company develops, manufactures and markets sorbent products and technologies for use in industry, home and agriculture. The Company operates in the United States, Switzerland, Canada and the United Kingdom and exports goods worldwide.

The Company had sales in excess of 10% of total sales to one unaffiliated customer in 1995 and 1994 and two unaffiliated customers in 1993. Accounts receivable related to these major customers amounted to \$5,083,000, \$4,845,000 and \$7,050,000 as of July 31, 1995, 1994 and 1993, respectively.

The sales to these customers were as follows:

| | 1995 | 1994 | 1993 |
|----------------------------|------------------------|----------|----------|
| | (Thousands of Dollars) | | |
| Amount | \$40,884 | \$35,848 | \$29,158 |
| Percent of net sales | 27% | 24% | 21% |
| Amount | - | - | \$15,329 |
| Percent of net sales sales | - | - | 11% |

Notes to Consolidated Financial Statements

NOTE 2 - BUSINESS AND GEOGRAPHIC REGION INFORMATION (Continued)

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

| | FISCAL YEAR ENDED JULY 31 | | |
|--|---------------------------|-----------|-----------|
| | (Thousands of Dollars) | | |
| | 1995 | 1994 | 1993 |
| Sales to unaffiliated customers: | | | |
| Domestic | \$140,651 | \$135,899 | \$128,433 |
| Foreign subsidiaries | 12,248 | 11,248 | 12,433 |
| Export sales: | | | |
| Domestic | \$ 4,067 | \$ 8,252 | \$ 6,162 |
| Sales or transfers between geographic areas: | | | |
| Domestic | \$ 3,233 | \$ 3,891 | \$ 3,741 |
| Income before income taxes: | | | |
| Domestic | \$ 10,094 | \$ 12,257 | \$ 11,441 |
| Foreign subsidiaries | 1,053 | 902 | 812 |
| Net Income: | | | |
| Domestic | \$ 7,240 | \$ 9,449 | \$ 8,803 |
| Foreign subsidiaries | 763 | 403 | 617 |
| Identifiable assets: | | | |
| Domestic | \$107,417 | \$102,659 | \$ 90,816 |
| Foreign subsidiaries | 9,571 | 9,608 | 11,301 |

Notes to Consolidated Financial Statements

NOTE 3 - NOTES PAYABLE

The composition of notes payable is as follows:

| | 1995 | 1994 |
|---|--------------|--------------|
| Thomasville Payroll Development Authority Payable in annual principal installments of \$592,593 for the years 1994 to 1995, inclusive. Interest is payable semiannually at a rate of 68% of the prime rate. | \$ - | \$ 592,593 |
| Town of Blue Mountain, Mississippi Principal payable on October 1, 2008. Interest payable monthly at a variable interest rate set weekly based on market conditions for similar instruments. The average rates were 4.00% and 2.80% in 1995 and 1994, respectively. Payment of these bonds by the Company is guaranteed by a letter of credit issued by Harris Trust and Savings Bank. In May 1991 the Company entered into a seven-year interest rate swap contract. Under this agreement, the Company receives a floating interest rate based on LIBOR and pays interest at a fixed rate of 6.53%. | 2,500,000 | 2,500,000 |
| Teachers Insurance and Annuity Association of America Payable in annual principal installments on November 15; \$500,000 for the years 1995 and 1996; \$1,500,000 for 1997; \$1,800,000 for 1998; \$1,200,000 for 2000; \$1,100,000 for 2001; and \$1,000,000 for 2002. Interest is payable semiannually at an annual rate of 9.38%. | 7,100,000 | 7,600,000 |
| Teachers Insurance and Annuity Association of America Payable in annual principal installments, the first payment due August 15, 2001; \$500,000 for 2002; \$1,000,000 for 2003; \$2,500,000 for 2004; and \$2,500,000 for 2005. Interest is payable semiannually at an annual rate of 7.17%. | 6,500,000 | 6,500,000 |
| Harris Trust and Savings Bank Payable in annual principal installments, the first payment due June 20, 1996; \$500,000 for 1996; \$1,950,000 for 1999; \$900,000 for 2000; \$650,000 for years 2001 and 2002; and \$350,000 for 2003. Interest is payable quarterly at an annual rate of 7.78%. | 5,000,000 | 5,000,000 |
| Other | 420,241 | 572,129 |
| | 21,520,241 | 22,764,722 |
| Less current maturities of notes payable | (1,097,976) | (1,243,479) |
| | \$20,422,265 | \$21,521,243 |

Notes to Consolidated Financial Statements

NOTE 3 - NOTES PAYABLE (Continued)

During fiscal 1995 the Company executed a Credit Agreement with Harris Trust and Savings Bank which replaced the Term Note Agreement dated April 20, 1994. In addition to providing continued term financing, the Credit Agreement provides for a \$5,000,000 committed unsecured revolving line of credit which expires on August 1, 1999, at certain short term rates.

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

The Thomasville Payroll Development Authority and the Town of Blue Mountain, Mississippi acquired, in prior years, substantially all of the assets of certain plant expansion projects, issued long-term bonds to finance the purchase 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, 1995:

Year Ending July 31:

| | |
|-------------|--------------|
| 1997 | \$ 1,582,265 |
| 1998 | 1,880,000 |
| 1999 | 2,030,000 |
| 2000 | 2,180,000 |
| 2001 | 1,750,000 |
| Later years | 11,000,000 |
| | \$20,422,265 |

Notes to Consolidated Financial Statements

NOTE 4 - INCOME TAXES

The provision for income tax expense consists of the following:

| | 1995 | 1994 | 1993 |
|---------------------------------|-------------|-------------|-------------|
| Current | | | |
| Federal, net of amortization of | | | |
| investment tax credits | \$2,756,283 | \$3,221,911 | \$2,522,761 |
| Foreign | 292,664 | 163,897 | 206,923 |
| State | 670,780 | 866,281 | 685,922 |
| | 3,719,727 | 4,252,089 | 3,415,606 |
| Deferred | | | |
| Federal | (535,093) | (855,699) | (465,865) |
| Foreign | (2,142) | 1,153 | (11,833) |
| State | (37,895) | (90,359) | (104,071) |
| | (575,130) | (944,905) | (581,769) |
| Total income tax provision | \$3,144,597 | \$3,307,184 | \$2,833,837 |

The components of the deferred tax (benefit) provisions occurring as a result of transactions being reported in different years for financial and tax reporting are as follows:

| | 1995 | 1994 | 1993 |
|----------------------------------|--------------|--------------|--------------|
| Depreciation | \$(286,291) | \$(304,437) | \$(479,415) |
| Deferred compensation | (6,308) | (148,242) | (125,876) |
| Postretirement benefits | (16,531) | (129,081) | - |
| Trade promotions and advertising | 45,378 | 112,578 | (102,000) |
| Accrued expenses | (48,530) | (164,694) | (70,603) |
| Other, net | (175,000) | (270,990) | 196,125 |
| Alternative minimum tax | (87,848) | (40,039) | - |
| Total | \$(575,130) | \$(944,905) | \$(581,769) |

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

Notes to Consolidated Financial Statements

NOTE 4 - INCOME TAXES (Continued)

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

| | 1995 | 1994 | 1993 |
|--|---------|---------|---------|
| U.S. federal statutory income tax rate | 34.00% | 34.00% | 34.00% |
| Depletion deductions allowed for mining | (12.24) | (12.48) | (13.86) |
| State income taxes, net of federal tax benefit | 5.68 | 4.42 | 4.75 |
| Amortization of investment credits | - | - | (.94) |
| Difference in effective tax rate of foreign subsidiaries | (0.61) | (0.16) | (0.66) |
| Other | 1.38 | (0.65) | (0.16) |
| | 28.21% | 25.13% | 23.13% |

The consolidated balance sheet as of July 31, 1995 and 1994 included the following tax effects of cumulative temporary differences:

| | 1995 | | 1994 | |
|----------------------------------|-------------|-------------|-------------|-------------|
| | Assets | Liabilities | Assets | Liabilities |
| Depreciation | \$ - | \$1,552,223 | \$ - | \$1,768,521 |
| Deferred compensation | 689,893 | - | 680,062 | - |
| Postretirement benefits | 218,406 | - | 131,535 | - |
| Trade promotions and advertising | 179,662 | - | 223,880 | - |
| Accrued expenses | 377,368 | - | 330,754 | - |
| Foreign tax credits | 363,685 | - | - | - |
| Other | 207,533 | - | 78,911 | - |
| | \$2,036,547 | \$1,552,223 | \$1,445,142 | \$1,768,521 |

NOTE 5 - DEFERRED COMPENSATION

The Company maintains a deferred compensation plan which permits directors and certain management employees to defer portions of their compensation and earn a guaranteed interest rate on the deferred amounts. The compensation, which has been deferred since the plan's inception, has been accrued as well as interest thereon. The Company has purchased whole life insurance contracts on some participants to partially fund the plan.

Notes to Consolidated Financial Statements

NOTE 6 - STOCKHOLDERS' EQUITY

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

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

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

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

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

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

| | Shares | Amount |
|------------------------------|---------|-------------|
| Balance, July 31, 1992 | 159,881 | \$1,699,602 |
| Purchased during fiscal 1993 | 30,675 | 668,205 |
| Balance, July 31, 1993 | 190,556 | 2,367,807 |
| Purchased during fiscal 1994 | 91,190 | 1,895,364 |
| Reissued during fiscal 1994 | (50) | (602) |
| Balance, July 31, 1994 | 281,696 | 4,262,569 |
| Purchased during fiscal 1995 | 50,500 | 825,475 |
| Balance, July 31, 1995 | 332,196 | \$5,088,044 |

NOTE 7 - STOCK OPTION PLANS

The Company maintained two stock option plans, the 1988 Option Plan and the 1981 Option Plan. Under the 1988 Option Plan, a total of 312,500 shares of Common Stock and 312,500 stock appreciation rights were made available for issuance. No stock appreciation rights were granted. The options are exercisable one year after the date granted. The plan expires on June 8, 1998.

The options available under the 1981 Option Plan were exercisable one year after the grant by employees who have been employed for at least three years; however, initially only 50% of the options could be exercised without restriction. The balance of the options were exercisable upon attainment of certain earnings levels. An earnings level was attained in fiscal year 1986 and subsequent years that allowed for exercise of another 25% of the options. Consequently, 75% of the total outstanding options were considered common stock equivalents through July 31, 1994. The remaining 25% of the options expired during fiscal 1994. The plan expired on October 31, 1991.

Notes to Consolidated Financial Statements

NOTE 7 - STOCK OPTION PLANS (Continued)

A summary of option transactions under the plans follows:

| | 1981 Option Plan Number of Shares (Weighted Average Option Price) | | | 1988 Option Plan Number of Shares (Weighted Average Option Price) | | |
|---------------------|---|-----------|-----------|---|-----------|-----------|
| | 1995 | 1994 | 1993 | 1995 | 1994 | 1993 |
| Outstanding, | - | 61,150 | 85,919 | 138,659 | 158,785 | 162,872 |
| Beginning of Year | - | \$(10.80) | \$(10.80) | \$(19.61) | \$(19.17) | \$(18.96) |
| Granted | - | - | - | 197,250 | 4,000 | 5,000 |
| | - | - | - | \$(19.22) | \$(23.00) | \$(22.38) |
| Exercised | - | 29,515 | 20,882 | - | 21,126 | 7,213 |
| | - | \$(10.80) | \$(10.80) | - | \$(17.05) | \$(17.51) |
| Canceled/terminated | - | 31,635 | 3,887 | 68,500 | 3,000 | 1,874 |
| | - | \$(10.80) | \$(10.80) | \$(22.21) | \$(19.00) | \$(15.60) |
| Outstanding, | - | - | 61,150 | 267,409 | 138,659 | 158,785 |
| End of Year | - | - | \$(10.80) | \$(18.66) | \$(19.61) | \$(19.17) |

The company has reserved 5,520 shares of Common Stock for future grants and issuances under the 1988 Option Plan.

As of July 31, 1995, a total of 267,409 options are exercisable under the 1988 Option Plan.

| | Combined Plans Number of Shares (Weighted Average Option Price) | | |
|--------------------------------|---|-----------|-----------|
| | 1995 | 1994 | 1993 |
| Outstanding, Beginning of Year | 138,659 | 219,935 | 248,791 |
| | \$(19.61) | \$(16.84) | \$(16.14) |
| Granted | 197,250 | 4,000 | 5,000 |
| | \$(19.22) | \$(23.00) | \$(22.38) |
| Exercised | - | 50,641 | 28,095 |
| | - | \$(13.41) | \$(12.39) |
| Canceled/terminated | 68,500 | 34,635 | 5,761 |
| | \$(22.21) | \$(11.51) | \$(12.36) |
| Outstanding, End of Year | 267,409 | 138,659 | 219,935 |
| | \$(18.66) | \$(19.61) | \$(16.84) |

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.

Notes to Consolidated Financial Statements

NOTE 8 - EMPLOYEE BENEFIT PLANS (Continued)

The net periodic pension cost for the years ended July 31, 1995, 1994 and 1993 consists of the following:

| | 1995 | 1994 | 1993 |
|--|-----------|-----------|-----------|
| Service cost | \$326,650 | \$325,626 | \$308,012 |
| Interest cost on projected benefit obligations | 384,901 | 358,027 | 325,735 |
| (Earnings) losses on plan assets | (836,171) | 80,058 | (641,108) |
| Net amortization and deferral | 495,586 | (422,948) | 344,700 |
| Net pension cost | \$370,966 | \$340,763 | \$337,339 |

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

| | 1995 | 1994 |
|---|--------------|--------------|
| Actuarial Present Value of Benefit Obligations | | |
| Accumulated benefit obligations | | |
| Vested | \$4,076,780 | \$3,623,589 |
| Nonvested | 491,222 | 337,493 |
| Total Accumulated Benefit Obligations | \$4,568,002 | \$3,961,082 |
| Projected benefit obligations | \$5,989,916 | \$5,532,033 |
| Plan Assets at Fair Value | 5,334,851 | 4,426,791 |
| Deficiency of plan assets over projected benefit obligations | (655,065) | (1,105,242) |
| Unrecognized net (gain) loss | (197,423) | 317,405 |
| Unrecognized prior service cost | 614,402 | 691,721 |
| Unrecognized net excess plan assets as of August 1, 1987 being recognized principally over 21 years | (344,424) | (371,048) |
| Adjustment required to recognize minimum liability | (183,547) | (190,784) |
| Accrued pension included in Noncurrent liabilities - other | \$ (766,057) | \$ (657,948) |

Notes to Consolidated Financial Statements

NOTE 8 - EMPLOYEE BENEFIT PLANS (Continued)

Assumptions used in the previous calculations are as follows:

| | 1995 | 1994 |
|---|-------|-------|
| Discount rate | 7.25% | 7.25% |
| Rate of increase in compensation levels | 5.00% | 5.00% |
| Long-term expected rate of return on assets | 8.00% | 8.00% |

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, 1995, 1994 and 1993, the Company maintained a profit sharing/401(k) savings plan under which the Company matches a portion of employee contributions. The plan is available to essentially all employees who have completed one year of continuous service and are at least 21 years of age. Total contributions by the Company for the years ended July 31, 1995, 1994 and 1993 were \$73,504, \$74,476 and \$74,767, respectively.

Postretirement Benefits

In addition to providing pension benefits, the Company provides certain medical benefits, until a participant attains age 65, to domestic salaried employees who elect early retirement and meet minimum age, service and other requirements. The Company reserves the right to amend or terminate this plan at any time. The plan is contributory and contains cost-sharing features such as deductibles and coinsurance.

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

Effective August 1, 1993 the Company adopted the new standard and is amortizing the resulting transition obligation over 20 years. The adoption of this standard does not have a material effect on the consolidated results of operations or financial position of the Company.

NOTE 9 - ACQUISITIONS

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

Notes to Consolidated Financial Statements

NOTE 10 - LEASES

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

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

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

The following is a schedule by year of future minimum rental requirements under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of July 31, 1995:

| Year Ending July 31: | |
|----------------------|--------------|
| 1996 | \$ 3,453,000 |
| 1997 | 2,483,000 |
| 1998 | 1,578,000 |
| 1999 | 1,185,000 |
| 2000 | 773,000 |
| Later years | 3,850,000 |
| | \$13,322,000 |

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

| | 1995 | 1994 | 1993 |
|--------------------------|-------------|-------------|-------------|
| Transportation equipment | \$3,439,000 | \$2,710,000 | \$2,758,000 |
| Office facilities | 373,000 | 184,000 | 190,000 |
| Mining properties | | | |
| Minimum | 180,000 | 196,000 | 193,000 |
| Contingent | 162,000 | 183,000 | 180,000 |
| Other | 649,000 | 565,000 | 358,000 |
| | \$4,803,000 | \$3,838,000 | \$3,679,000 |

Notes to Consolidated Financial Statements

NOTE 11 - OTHER CASH FLOW INFORMATION

Cash payments for interest and income taxes were as follows:

| | 1995 | 1994 | 1993 |
|--------------|-------------|-------------|-------------|
| Interest | \$1,750,054 | \$1,390,014 | \$1,534,795 |
| Income Taxes | \$4,013,110 | \$5,624,987 | \$3,528,503 |

NOTE 12 - SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

A summary of selected information for 1995 and 1994 is as follows:

Fiscal 1995 Quarter Ended
(Thousands Except per Share Amounts)

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

Fiscal 1994 Quarter Ended
(Thousands Except per Share Amounts)

| | Oct. 31 | Jan. 31 | April 30 | July 31 | Total |
|-------------------------|----------|----------|----------|----------|-----------|
| Net Sales | \$35,187 | \$39,178 | \$39,380 | \$33,402 | \$147,147 |
| Gross Profit | 11,362 | 12,377 | 11,381 | 9,570 | 44,690 |
| Net Income | 2,575 | 3,251 | 2,356 | 1,670 | 9,852 |
| Net Income Per Share \$ | .37 | .46 | .34 | .24 | 1.41 |

INDEPENDENT AUDITOR'S REPORT

Stockholders and Board of Directors
Oil-Dri Corporation of America

We have audited the consolidated statements of financial position of OIL-DRI CORPORATION OF AMERICA AND SUBSIDIARIES as of July 31, 1995 and 1994, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended July 31, 1995. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of OIL-DRI CORPORATION OF AMERICA AND SUBSIDIARIES as of July 31, 1995 and 1994, and the results of their operations and their cash flows for each of the three years in the period ended July 31, 1995, in conformity with generally accepted accounting principles.

BLACKMAN KALLICK BARTELSTEIN, LLP
Chicago, Illinois

August 25, 1995

Common Stock

On December 20, 1993, the Common Stock of the Company began trading on the New York Stock Exchange under the ticker symbol ODC. Prior to December 20, 1993, the Common Stock was quoted in the NASDAQ National Market System under the ticker symbol OILC. The following table sets forth the closing high and low prices as quoted on the New York Stock Exchange and the NASDAQ National Market System for the period indicated. NASDAQ National Market System prices reflect interdealer prices without retail mark-up, mark-down or commissions, and may not necessarily reflect actual transactions.

The number of holders of record of Common Stock on July 31, 1995 was 1,317.

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

The number of holders of record of Class B Stock on July 31, 1995 was 22.

Dividends

| | Date Paid | Amount Per Share | |
|-----------|-----------|------------------|----------|
| | | Common | Class B |
| Quarterly | 09/16/94 | \$0.07 | \$0.0525 |
| Quarterly | 12/16/94 | \$0.08 | \$0.06 |
| Quarterly | 03/17/95 | \$0.08 | \$0.06 |
| Quarterly | 06/16/95 | \$0.08 | \$0.06 |

Market Prices

| Fiscal 1995 | Closing Prices | |
|-------------|----------------|--------|
| | High | Low |
| 1st Quarter | 20 | 17 3/8 |
| 2nd Quarter | 19 1/8 | 16 3/4 |
| 3rd Quarter | 18 3/8 | 15 7/8 |
| 4th Quarter | 16 7/8 | 14 1/8 |

Market Prices

| Fiscal 1994 | Closing Prices | |
|-------------|----------------|--------|
| | High | Low |
| 1st Quarter | 25 | 19 3/4 |
| 2nd Quarter | 23 3/8 | 18 3/4 |
| 3rd Quarter | 23 1/8 | 19 3/8 |
| 4th Quarter | 21 1/2 | 17 7/8 |

Board of Directors
Officers
Senior Management

Board of Directors

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

Corporate Officers

Richard M. Jaffee, Chairman and Chief Executive Officer
Daniel S. Jaffee, President and Chief Operating Officer
Joseph C. Miller, Vice-Chairman
Herbert V. Pomerantz, Senior Vice-President - Agrisorbents and Pure-Flo
Product Groups and Research & Development
Richard V. Hardin, Group Vice-President - Technology
Bruce H. Sone, Vice-President - Consumer Products - Mass Merchandising
James T. Davis, Vice-President - Manufacturing
Norman B. Gershon, Vice-President - International Operations, Managing
Director - Oil-Dri S.A.
Louis T. Bland, Jr., Secretary
Donald J. Deegan, Director - Finance & Accounting
Richard L. Pietrowski, Treasurer
Albert L. Swerdlik, Secretary Emeritus
Heidi M. Jaffee, Assistant Secretary

Senior Management

Elwyn J. Allbritton, Vice-President - Operational Development
Charles M. Boland, General Manager - Agrisorbents Product Group
Wade R. Bradley, General Manager - Industrial & Environmental Product Group
Karen Jaffee Cofsky, Manager - Human Resources
Thomas F. Cofsky, General Manager - Logistics, Quality and Service
Sam J. Colello, Director - Information Systems
B. Fielden Fraley, General Manager - Pure-Flo Product Group
Fred G. Heivilin, Vice-President - Raw Materials Development
Richard D. Johnsonbaugh, Eastern Regional Manager - Manufacturing
Steven M. Levy, General Manager - Consumer Products Group
William F. Moll, Vice-President - Research & Development
Dennis E. Peterson, President - Oil-Dri Transportation Company
V.R. Roskam, Vice-President - Agrisorbents Product Group
William O. Thompson, Western Regional Manager - Manufacturing

Corporate Headquarters

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

| Listing | Ticker Symbol |
|-------------------------|---------------|
| New York Stock Exchange | ODC |

Registrar/Transfer Agent
Harris Trust and Savings Bank
311 West Monroe
Chicago, Illinois 60606
(312)461-3324

Independent Public Accountants
Blackman Kallick Bartelstein, LLP

Legal Counsel
Sonnenschein Nath & Rosenthal

Subsidiaries

| | |
|---|--|
| Oil-Dri Corporation of Georgia Georgia | Oil-Dri (U.K.) Limited United Kingdom |
|---|--|

| | |
|--|---|
| Oil-Dri Production Company Mississippi/Oregon | Oil-Dri Corporation of Nevada Nevada |
|--|---|

| | |
|---|---|
| Oil-Dri Transportation Company Georgia | Blue Mountain Production Company Mississippi |
|---|---|

| | |
|-----------------------------|---|
| Oil-Dri S.A. Switzerland | Favorite Products Company, Ltd. Quebec, Canada |
|-----------------------------|---|

SUBSIDIARIES OF THE COMPANY

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

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the use of our reports and to all references to our Firm included in or by incorporation by reference made a part of the Annual Report on Form 10-K of Oil-Dri Corporation of America for the fiscal year ended July 31, 1995 and the Registration Statement of Form S-8 relating to the Oil-Dri Corporation of America Stock Option Plan.

October 20, 1995

| YEAR | | |
|-------------|---------------|--------------|
| | JUL -31 -1995 | |
| | JUL -31 -1995 | |
| | | 8,829,667 |
| | | 2,332,665 |
| | | 21,529,168 |
| | | (180,602) |
| | | 10,917,099 |
| | | 48,745,166 |
| | | 106,957,911 |
| | | (47,498,516) |
| | | 116,987,683 |
| 15,670,848 | | |
| | | 20,422,265 |
| | | 723,352 |
| | 0 | |
| | | 0 |
| | | 77,615,031 |
| 116,987,683 | | |
| | | 152,899,109 |
| | | 152,899,109 |
| | | 108,268,431 |
| | | 108,268,431 |
| | | 31,680,574 |
| | | 51,013 |
| | | 1,751,666 |
| | | 11,147,425 |
| | | 3,144,597 |
| 8,002,828 | | |
| | | 0 |
| | | 0 |
| | | 0 |
| | | 8,002,828 |
| | | 1.15 |
| | | 1.15 |