

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q

(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d)  
of the  
Securities Exchange Act of 1934  
For the Quarterly Period Ended April 30, 2003

OR

Transition Report Pursuant to Section 13 or  
15(d) of the  
Securities Exchange Act of 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 0-8675

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

DELAWARE ----- (State or other jurisdiction of incorporation or organization)	36-2048898 ----- (I.R.S. Employer Identification No.)
410 North Michigan Avenue Suite 400 CHICAGO, ILLINOIS ----- (Address of principal executive offices)	60611-4213 ----- (Zip Code)

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

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

Yes      X      No  
-----      -----

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

Common Stock - 5,471,685 Shares (Including 1,379,565 Treasury Shares)  
Class B Stock - 1,765,083 Shares (Including 342,241 Treasury Shares)

Indicate by check mark whether the Registrant is an accelerated filer:

Yes      No      X  
-----      -----

The aggregate market value of the Registrant's Common Stock owned by non-affiliates as of January 31, 2003 for accelerated filer purposes was \$38,882,000.

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## PART I - FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

OIL-DRI CORPORATION OF AMERICA & SUBSIDIARIES  
 CONSOLIDATED BALANCE SHEETS  
 (IN THOUSANDS OF DOLLARS)

ASSETS -----	APRIL 30 2003 (UNAUDITED) -----	JULY 31 2002 -----
CURRENT ASSETS		
-----		
Cash and Cash Equivalents	\$ 4,772	\$ 7,154
Investment in Treasury securities	10,403	9,082
Accounts Receivable, less allowance of \$596 and \$392 at April 30, 2003 and July 31, 2002, Respectively	23,805	21,415
Other Receivables	6	1,025
Inventories	12,348	11,798
Prepaid Overburden Removal Expense	2,740	3,678
Prepaid Expenses	4,010	3,392
	-----	-----
TOTAL CURRENT ASSETS	58,084	57,544
	-----	-----
PROPERTY, PLANT AND EQUIPMENT - AT COST		
-----		
Cost	142,688	137,306
Less Accumulated Depreciation and Amortization	(93,653)	(88,684)
	-----	-----
TOTAL PROPERTY, PLANT AND EQUIPMENT, NET	49,035	48,622
	-----	-----
OTHER ASSETS		
-----		
Goodwill	5,097	5,430
Intangibles, net of accumulated amortization of \$2,351 and \$1,982 at April 30, 2003 and July 31, 2002, respectively	3,996	3,958
Deferred Income Taxes	4,030	3,972
Other	5,621	5,509
	-----	-----
TOTAL OTHER ASSETS	18,744	18,869
	-----	-----
TOTAL ASSETS	\$125,863 =====	\$125,035 =====

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

OIL-DRI CORPORATION OF AMERICA & SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
(IN THOUSANDS OF DOLLARS)

LIABILITIES & STOCKHOLDERS' EQUITY	APRIL 30 2003 (UNAUDITED)	JULY 31 2002
	-----	-----
<b>CURRENT LIABILITIES</b>		
-----		
Current Maturities of Notes Payable	\$ 4,350	\$ 2,850
Accounts Payable	5,950	5,121
Dividends Payable	464	473
Accrued Expenses		
Salaries, wages and commissions	3,982	3,722
Trade promotions and advertising	2,659	2,595
Freight	1,386	828
Other	4,858	4,303
	-----	-----
TOTAL CURRENT LIABILITIES	23,649	19,892
	-----	-----
<b>NONCURRENT LIABILITIES</b>		
-----		
Notes Payable	27,400	31,400
Deferred Compensation	3,061	2,954
Other	2,412	1,718
	-----	-----
TOTAL NONCURRENT LIABILITIES	32,873	36,072
	-----	-----
TOTAL LIABILITIES	56,522	55,964
	-----	-----
<b>STOCKHOLDERS' EQUITY</b>		
-----		
Common Stock, par value \$.10 per share, issued 5,471,685 shares at April 30, 2003 and July 31, 2002	547	547
Class B Stock, par value \$.10 per share, issued 1,765,083 shares at April 30, 2003 and July 31, 2002	177	177
Additional Paid-In Capital	7,636	7,677
Retained Earnings	87,987	86,790
Restricted Unearned Stock Compensation	(45)	(4)
Cumulative Translation Adjustment	(1,181)	(1,288)
	-----	-----
	95,121	93,899
	-----	-----
Less Treasury stock, at cost (1,379,565 Common and 342,241 Class B shares at April 30, 2003 and 1,279,700 Common and 342,241 Class B shares at July 31, 2002)	(25,780)	(24,828)
	-----	-----
TOTAL STOCKHOLDERS' EQUITY	69,341	69,071
	-----	-----
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$125,863	\$125,035
	=====	=====

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

OIL-DRI CORPORATION OF AMERICA & SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS  
(IN THOUSANDS, EXCEPT FOR PER SHARE AMOUNTS)  
(UNAUDITED)

	FOR THE NINE MONTHS ENDED APRIL 30	
	----- 2003 -----	----- 2002 -----
NET SALES	\$128,311	\$123,064
Cost of Sales	101,020	99,990
	-----	-----
GROSS PROFIT	27,291	23,074
Other Contractual Income	675	----
Selling, General and Administrative Expenses	(22,423)	(20,745)
	-----	-----
INCOME FROM OPERATIONS	5,543	2,329
OTHER INCOME (EXPENSE)		
Interest Expense	(1,953)	(1,940)
Interest Income	165	214
Gain on the Sale of Mineral Rights	139	769
Other, Net	(63)	(168)
	-----	-----
TOTAL OTHER EXPENSE, NET	(1,712)	(1,125)
	-----	-----
INCOME BEFORE INCOME TAXES	3,831	1,204
Income Taxes	1,224	359
	-----	-----
NET INCOME	\$ 2,607	\$ 845
RETAINED EARNINGS		
Balance at Beginning of Year	86,790	89,778
Less Cash Dividends Declared	1,410	1,420
	-----	-----
RETAINED EARNINGS - APRIL 30	\$ 87,987	\$ 89,203
	=====	=====
NET INCOME PER SHARE		
BASIC	\$ 0.47	\$ 0.15
	=====	=====
DILUTED	\$ 0.46	\$ 0.15
	=====	=====
AVERAGE SHARES OUTSTANDING		
BASIC	5,599	5,614
	=====	=====
DILUTED	5,695	5,660
	=====	=====

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

OIL-DRI CORPORATION OF AMERICA & SUBSIDIARIES  
 STATEMENTS OF CONSOLIDATED INCOME  
 (IN THOUSANDS OF DOLLARS)  
 (UNAUDITED)

	FOR THE NINE MONTHS ENDED APRIL 30	
	2003	2002
NET INCOME	\$ 2,607	\$ 845
Other Comprehensive Income:		
Cumulative Translation Adjustments	107	38
TOTAL COMPREHENSIVE INCOME	\$ 2,714	\$ 883
	=====	=====

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

OIL-DRI CORPORATION OF AMERICA & SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS  
(IN THOUSANDS, EXCEPT FOR PER SHARE AMOUNTS)  
(UNAUDITED)

	FOR THE THREE MONTHS ENDED APRIL 30	
	2003	2002
NET SALES	\$ 46,125	\$ 39,261
Cost of Sales	36,210	31,991
	-----	-----
GROSS PROFIT	9,915	7,270
Selling, General and Administrative Expenses	(7,854)	(6,644)
	-----	-----
INCOME FROM OPERATIONS	2,061	626
OTHER INCOME (EXPENSE)		
Interest Expense	(605)	(597)
Interest Income	45	67
Gain on the Sale of Mineral Rights	----	769
Other, Net	(27)	(141)
	-----	-----
TOTAL OTHER EXPENSE, NET	(587)	98
	-----	-----
INCOME BEFORE INCOME TAXES	1,474	724
Income Taxes	497	220
	-----	-----
NET INCOME	\$ 977	\$ 504
NET INCOME PER SHARE		
BASIC	\$ 0.18	\$ 0.09
	=====	=====
DILUTED	\$ 0.17	\$ 0.09
	=====	=====
AVERAGE SHARES OUTSTANDING		
BASIC	5,564	5,614
	=====	=====
DILUTED	5,714	5,712
	=====	=====

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

OIL-DRI CORPORATION OF AMERICA & SUBSIDIARIES  
 STATEMENTS OF CONSOLIDATED INCOME  
 (IN THOUSANDS OF DOLLARS)  
 (UNAUDITED)

	FOR THE THREE MONTHS ENDED APRIL 30	
	2003	2002
NET INCOME (LOSS)	\$ 977	\$ 504
Other Comprehensive Income:		
Cumulative Translation Adjustments	12	55
TOTAL COMPREHENSIVE INCOME (LOSS)	\$ 989	\$ 559

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



OIL-DRI CORPORATION OF AMERICA & SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(IN THOUSANDS OF DOLLARS)  
(UNAUDITED)

	FOR THE NINE MONTHS ENDED APRIL 30	
CASH FLOWS FROM OPERATING ACTIVITIES	2003	2002
NET INCOME	\$ 2,607	\$ 845
Adjustments to Reconcile Net Income to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	6,669	6,624
Provision for Bad Debts	322	335
Loss on the Sale of Fixed Assets	118	91
(Increase) Decrease in:		
Accounts Receivable	(2,712)	1,574
Other Receivables	1,019	(1,118)
Inventories	957	2,344
Prepaid Overburden Removal Expense	938	47
Prepaid Expenses	(125)	145
Other Assets	(218)	217
Increase (Decrease) in:		
Accounts Payable	829	(1,580)
Accrued Expenses	1,436	(1,462)
Deferred Compensation	107	129
Other Liabilities	694	(90)
TOTAL ADJUSTMENTS	10,034	7,256
NET CASH PROVIDED BY OPERATING ACTIVITIES	12,641	8,101
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures	(2,956)	(2,937)
Proceeds from Sale of Property, Plant and Equipment	678	14
Purchases of Net Assets	(6,672)	---
Purchases of Investment Securities	(28,102)	(1,267)
Dispositions of Investment Securities	26,782	1,257
NET CASH USED IN INVESTING ACTIVITIES	(10,270)	(2,933)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Long-Term Debt	(2,500)	(1,507)
Dividends Paid	(1,419)	(1,420)
Changes in Treasury Stock	(952)	(4)
Other	118	114
NET CASH USED IN FINANCING ACTIVITIES	(4,753)	(2,817)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,382)	2,351
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	7,154	4,444
CASH AND CASH EQUIVALENTS, APRIL 30	\$ 4,772	\$ 6,795

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

OIL-DRI CORPORATION OF AMERICA & SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

1. BASIS OF STATEMENT PRESENTATION

The financial statements and the related notes are condensed and should be read in conjunction with the consolidated financial statements and related notes for the year ended July 31, 2002, included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission.

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

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

Certain items in prior year financial statements have been reclassified to conform to the presentation used in fiscal 2003.

As part of its overall operations, the Company mines sorbent materials on property that it either owns or leases. A significant part of the Company's overall mining cost is incurred during the process of removing the overburden (non-usable material) from the mine site, thus exposing the sorbent material that is then used in a majority of the Company's production processes. The cost of the overburden removal is recorded in a prepaid expense account and, as the usable sorbent material is mined, the prepaid overburden removal expense is amortized over the estimated available material. As of April 30, 2003, the Company had \$2,740,000 of prepaid overburden removal expense recorded on its consolidated balance sheet. During the first nine months of fiscal 2003, the Company amortized to current expense approximately \$2,790,000 of previously recorded prepaid expense. Please also refer to Note 4 for a discussion of a change in the accounting estimate associated with this prepaid expense.

During the normal course of the Company's overburden removal activities the Company performs on-going reclamation activities. As overburden is removed from a pit, it is hauled to a previously mined pit and used to refill the older site. This process allows the Company to continuously reclaim older pits and dispose of overburden simultaneously, therefore minimizing the liability for the reclamation function.

Additionally, it is Oil-Dri's policy to capitalize the purchase cost of land and mineral rights, including associated legal fees, survey fees and real estate fees. The cost of obtaining mineral patents, including legal fees and drilling expenses, are also capitalized. Development costs of determining the nature and amount of mineral reserves and any prepaid royalties that are offsetable against future royalties due upon extraction of the mineral are also capitalized. All exploration related costs are expensed as incurred.

2. INVENTORIES

The composition of inventories is as follows (in thousands of dollars):

	APRIL 30 (UNAUDITED)	JULY 31 (AUDITED)
	----- 2003 -----	----- 2002 -----
Finished goods	\$6,846	\$6,673
Packaging	3,999	3,368
Other	1,503	1,757
	-----	-----
	\$12,348	\$11,798
	=====	=====

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

### 3. PURCHASE OF ASSETS RELATED TO THE JONNY CAT(R) BRAND OF CAT LITTER

On December 13, 2002, the Company completed the purchase, for \$6,000,000 in cash, of assets related to the Jonny Cat(R) brand of cat litter (the "Purchase") from a wholly owned subsidiary of The Clorox Company (NYSE: CLX). The Company has also spent approximately \$672,000 on various post-closing costs related to the Purchase. Included in the Purchase were inventories, trademarks, a manufacturing plant in Taft, California, and mineral reserves.

The aggregate purchase price has initially been allocated as follows:

Inventory	\$1,507,000
Prepaid Expenses	\$ 493,000
Property, Plant & Equipment	\$4,295,000
Trade Marks & Trade Name	\$ 377,000
	-----
Purchase total	\$6,672,000
	=====

In anticipation of the Purchase, the Company and Harris Trust and Savings Bank executed a second amendment to the Credit Agreement, dated January 29, 1999, as amended, between them. This amendment, among other things, modified the fixed charge coverage ratio such that the Company was allowed to incur (and exclude for purposes of that ratio) up to \$6,000,000 of capital expenditures related to the Purchase on or before March 31, 2003, effectively allowing the Company to complete the Purchase and remain in compliance with this covenant. As discussed in the Liquidity and Capital Resources section of this Form 10-Q, the Company has other credit agreements containing restrictive covenants (which, among other things, limit the Company's ability to make capital expenditures), none of these other credit agreements limited the Company's ability to consummate the Purchase.

The Company has assessed the pro forma disclosure criteria of SFAS No. 141 and has determined that the Purchase is not material under the asset, investment and income tests of the pronouncement. Based on that assessment, the Company has concluded that the pro forma results are not materially different from the results reported in the current filing.

### 4. CHANGE IN ACCOUNTING ESTIMATE FOR PREPAID OVERBURDEN REMOVAL EXPENSE

During the second quarter of fiscal 2002, an internal review of the estimated amount of uncovered mineable clay took place at the Company's Georgia production complex. The quantity of uncovered clay is one of the key elements in the amortization of the prepaid overburden removal expense account balance. The review led to a change in the estimated amount of uncovered clay, which in turn caused a change in the rate of amortization per ton of the prepaid overburden removal expense account. The impact of this estimate revision for the first six months of fiscal 2003 was an additional pre-tax charge to cost of goods sold of approximately \$630,000 versus the previous estimate, or approximately \$0.08 per fully diluted share on an after-tax basis. The estimate change also increased the amortization rate approximately \$1.31 per ton of uncovered mineable clay. The Company returned to using lower rates, more consistent with its historic experience at the Georgia complex, to amortize the overburden account at the end of the second quarter of fiscal 2003.

### 5. SALE OF MINERAL RIGHTS

During the first quarter of fiscal 2003, the Company recorded a \$139,000 pre-tax gain from the sale of certain mineral leases on land in Tennessee. The land was geographically located in an area that the Company was not actively planning to develop. The mineral rights, had they been pursued, could have been associated with any or all of the operating segments.

### 6. OTHER CONTRACTUAL INCOME

During the second quarter of fiscal 2003, the Company recorded \$675,000 of other contractual pre-tax income as a result of a one-time payment from a customer who failed to meet minimum purchase requirements under a supply agreement with the Company.

## 7. NEW ACCOUNTING STANDARDS AND PRONOUNCEMENTS

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." In June 2000, the FASB issued SFAS No. 138, "Accounting for Derivative Instruments and Certain Hedging Activities, an Amendment of SFAS No. 133," which was required to be adopted in fiscal years beginning after June 15, 2000. In April 2003, the FASB issued SFAS No. 149 "Amendment of Statement 133 on Derivative Instruments and Hedging Activities" which amended SFAS No. 133 and SFAS No. 138 and provided additional guidance on accounting for derivative instruments. One of the primary amendments to SFAS No. 133 establishes a "normal purchases and normal sales" exception. This exception permits a company to exclude contracts that provide for the purchase or sale of something other than a financial derivative instrument that will be delivered in quantities expected to be used or sold by the company over a reasonable period of time in the normal course of its business operations. SFAS No. 149 provides additional guidance for interpretation and evaluation for "normal purchases and normal sales" contracts. The Company has forward purchase contracts for certain natural gas commodities that qualify for the "normal purchase" exception provisions of the amended statements. The adoption of SFAS No. 133 as amended by SFAS No. 138 and SFAS No. 149 had no material impact on either the Company's financial position or results of operations.

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

The Company adopted SFAS No. 142 in the first quarter of fiscal 2003. Management conducted a review of the estimated fair market value of the business segments during the first quarter of fiscal 2003, using a combination of discounted cash flow techniques and an independent outside appraiser's evaluations. Based upon management's review, no impairment adjustment was required at October 31, 2002. Had SFAS No. 142 been in effect for fiscal 2002, net income and earnings per share, net of tax, would have been as follows:

Three Months Ended  
April 31,

	2003	2002
Net Income		
Net as reported	\$ 977	\$ 504
Add back: Goodwill amortization	---	28
Adjusted net income	\$ 977	\$ 532
Basic Earnings Per Share		
Net as reported	\$ 0.18	\$ 0.09
Goodwill amortization	---	\$ 0.01
Adjusted net income	\$ 0.18	\$ 0.10
Diluted Earnings Per Share		
Net as reported	\$ 0.17	\$ 0.09
Goodwill amortization	---	---
Adjusted net income	\$ 0.17	\$ 0.09
Weighted Average Shares Outstanding		
Basic	5,564	5,614
Fully diluted	5,714	5,712

Nine Months Ended  
April 30,

	2003	2002
Net Income		
Net as reported	\$2,607	\$ 845
Add back: Goodwill amortization	---	87
Adjusted net income	\$2,607	\$ 932
Basic Earnings Per Share		
Net as reported	\$ 0.47	\$ 0.15
Goodwill amortization	---	\$ 0.02
Adjusted net income	\$ 0.47	\$ 0.17
Diluted Earnings Per Share		
Net as reported	\$ 0.46	\$ 0.15
Goodwill amortization	---	\$ 0.02
Adjusted net income	\$ 0.46	\$ 0.17
Weighted Average Shares Outstanding		
Basic	5,599	5,614
Fully diluted	5,695	5,660

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations," effective for fiscal years beginning after June 15, 2002. Under the new rules, the fair value of a liability for any asset retirement obligation is recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The Company adopted SFAS No. 143 as of January 31, 2003. During the normal course of the Company's overburden removal activities the Company performs on-going reclamation activities. As overburden is removed from a pit, it is hauled to a previously mined pit and used to refill the older site. This process allows the Company to continuously reclaim older pits and dispose of overburden simultaneously, therefore minimizing the liability for the reclamation function. Consequently, the Company determined that an additional liability for land reclamation was immaterial to the overall presentation of the financial statements.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment of Disposal or Long-Lived Assets," effective for years beginning after December 15, 2001. Under the new rules, the accounting and reporting for the impairment and disposal of long-lived assets have been superseded from SFAS No. 121 and APB No. 30. Also, ARB No. 51 has been amended to eliminate the exception for consolidation for a temporary subsidiary. Adoption is required for fiscal years beginning after December 15, 2001. Effective October 31, 2002, the Company adopted SFAS No. 144, which did not have an effect on the financial statements of the Company.

In December of 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure," effective for interim periods beginning after December 15, 2002. The statement provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, the statement amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both the annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The Company has adopted the disclosure requirements for the third quarter of fiscal 2003. Please see Note 9 for a discussion of the Company's stock-based compensation expense and the disclosure required by SFAS Nos. 123 and 148.

## 8. SEGMENT REPORTING

The Company has four reportable operating segments: Consumer Products Group, Specialty Products Group, Crop Production and Horticultural Products Group, and Industrial and Automotive Products Group. These segments are managed separately because each business has different economic characteristics.

The accounting policies of the segments are the same as those described in Note 1 of the consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended July 31, 2002 filed with the Securities and Exchange Commission.

Management does not rely on any segment asset allocations and does not consider them meaningful because of the shared nature of the Company's production facilities. However the Company has estimated the segment asset allocations as follows:

(in thousands)  
 APRIL 30, 2003      JULY 31, 2002

Consumer Products Group	\$ 51,924	\$ 50,859
Specialty Products Group	\$ 14,838	\$ 15,585
Crop Production and Horticultural Products Group	\$ 13,560	\$ 10,794
Industrial and Automotive Products Group	\$ 8,286	\$ 8,365
Unallocated Assets	\$ 37,255	\$ 39,432
TOTAL ASSETS	<u>\$125,863</u>	<u>\$125,035</u>

Nine Months Ended April 30

	Net Sales		Operating Income	
	2003	2002	2003	2002
	(in thousands)			
Consumer Products Group	\$ 76,540	\$ 76,107	\$ 9,918	\$ 5,787
Specialty Products Group	18,970	18,446	4,339	3,819
Crop Production and Horticultural Products Group	17,325	13,840	2,307	2,038
Industrial and Automotive Products Group	15,476	14,671	(331)	214
TOTAL SALES/OPERATING INCOME	<u>\$128,311</u>	<u>\$123,064</u>	16,233	11,858
Gain on the Sale of Mineral Rights(1)			139	769
Other Contractual Income(2)			675	---
Less:				
Corporate Expenses			11,428	9,696
Interest Expense, net of Interest Income			1,788	1,727
INCOME BEFORE INCOME TAXES			3,831	1,204
Income Taxes			1,224	359
NET INCOME			<u>\$ 2,607</u>	<u>\$845</u>

Three Months Ended April 30

	Net Sales		Operating Income	
	2003	2002	2003	2002
	(in thousands)			
Consumer Products Group	\$26,563	\$23,046	\$3,312	\$1,633
Specialty Products Group	6,343	5,779	1,427	1,185
Crop Production and Horticultural Products Group	7,574	5,544	1,250	1,142
Industrial and Automotive Products Group	5,645	4,892	(4)	(24)
TOTAL SALES/OPERATING INCOME	<u>\$46,125</u>	<u>\$39,261</u>	5,985	3,936
Gain on the Sale of Mineral Rights(1)			---	769
Less:				
Corporate Expenses			3,951	3,450
Interest Expense, net of Interest Income			560	531
INCOME BEFORE INCOME TAXES			1,474	724
Income Taxes			497	220
NET INCOME			<u>\$ 977</u>	<u>\$ 504</u>

1. See Note 5 for a discussion of the gain on the sale of mineral rights.
2. See Note 6 for a discussion of the other contractual income.





9. STOCK-BASED COMPENSATION DISCLOSURE

The Company currently accounts for stock-based compensation in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related Interpretations. Had the Company accounted for stock-based compensation in accordance with SFAS No. 123, "Accounting for Stock-Based Compensation," the Company would have reported the following pro forma amounts for the quarters and nine-month periods ended April 30, 2003 and 2002:

	Quarter Ended April 30,		Nine Months Ended April 30,	
	2003	2002	2003	2002
Net income as reported	\$ 977	\$ 504	\$ 2,607	\$ 845
Stock-based employee compensation expense included in reported net income, net of tax	4	3	10	10
Pro forma adjustment-additional compensation expense had SFAS No. 123 been adopted, net of tax	(163)	(189)	(485)	(541)
Pro forma net income	\$ 818	\$ 318	\$ 2,132	\$ 314
Basic earnings per share, as reported	\$0.18	\$0.09	\$0.47	\$0.15
Basic earnings per share, pro forma	\$0.15	\$0.06	\$0.38	\$0.06
Diluted earnings per share, as reported	\$0.17	\$0.09	\$0.46	\$0.15
Diluted earnings per share, pro forma	\$0.14	\$0.06	\$0.37	\$0.06

The fair value of each option grant was estimated on the date of grant using the Black-Scholes option-pricing model, with the following weighted average assumptions for options granted during the nine months ended April 30, 2003 and 2002, respectively: risk free interest rates of 3.95% and 4.70%; dividend yield of 4.74% and 5.83%; expected lives of 5.4 years; and volatility of 36.0% and 38.1%. There were no options issued during the third quarter of the fiscal years ending July 31, 2003 or 2002.

10. KAMTERTER GOODWILL WRITE-OFF

During the third quarter of fiscal 2003, the Company wrote-off its goodwill asset of \$350,000 associated with its equity investment in Kamterter II, LLC, an agricultural research and development company. The write-off reflected, among other things, recent continuing operating losses at Kamterter.

11. ASSET DISPOSTIONS

During the third quarter of fiscal 2003, the Company recorded a \$270,000 pre-tax gain from the sale of land owned in Florida. The land was geographically located in an area that the Company was not actively planning to develop. The Company also sold a small property in Oregon for an approximate pre-tax gain of \$40,000. Also during the third quarter, the Company determined that one of its production lines at its Blue Mountain, Mississippi manufacturing facility was going to be taken out of service due to existing market conditions and held as an asset available for sale. The asset was written down to its estimated net sales value, which generated an approximate \$385,000 pre-tax loss.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

NINE MONTHS ENDED APRIL 30, 2003 COMPARED TO  
NINE MONTHS ENDED APRIL 30, 2002

RESULTS OF OPERATIONS

Consolidated net sales for the nine months ended April 30, 2003 were \$128,311,000, an increase of 4.3% from net sales of \$123,064,000 in the first nine months of fiscal 2002. Net income for the first nine months of fiscal 2003 was \$2,607,000, an increase of 208% from \$845,000 earned in the first nine months of fiscal 2002. Fiscal 2003 net income was positively impacted by a pre-tax gain of \$139,000 on the sale of mineral rights, a pre-tax contractual payment of \$675,000 from a customer that failed to meet minimum purchase requirements under a supply agreement with the Company, a pre-tax gain on real estate sales of \$310,000, improved sales and reduced distribution costs. The increase in net income was partially offset by a pre-tax asset write-off of \$385,000 and a pre-tax goodwill write-off of \$350,000. Net income for the first nine months of fiscal 2002 was positively impacted by a pre-tax \$769,000 gain on the sale of mineral rights and negatively impacted by a pre-tax \$100,000 asset write-off. Basic and diluted net income per share for the first nine months of fiscal 2003 were \$0.47 and \$0.46, respectively, versus \$0.15 basic and diluted net income per share for the first nine months of fiscal 2002.

Net sales of the Consumer Products Group for the first nine months of fiscal 2003 were \$76,540,000, an increase of 0.6% from net sales of \$76,107,000 in the first nine months of fiscal 2002. This segment's operating income increased 71.4% from \$5,787,000 in the first nine months of fiscal 2002 to \$9,918,000 in the first nine months of fiscal 2003. Net sales were reduced by the elimination of unprofitable business with Wal-Mart, which was implemented in the fourth quarter of fiscal 2002. In that quarter, Wal-Mart and Oil-Dri agreed on new terms pursuant to which Oil-Dri stopped shipping private label cat litter to Wal-Mart distribution centers where the freight cost (a cost borne by Oil-Dri) was prohibitive. This change caused sales to be reduced but profits to be increased in terms of both gross profit margin and absolute dollars. The reduction in sales to Wal-Mart has essentially been offset by the acquisition of the Jonny Cat(R) product line. That product line addition has also contributed positively to the Company's gross profit.

Net sales of the Specialty Products Group for the first nine months of fiscal 2003 were \$18,970,000, an increase of 2.8% from net sales of \$18,446,000 in the first nine months of fiscal 2002. This segment's operating income increased 13.6% from \$3,819,000 in the first nine months of fiscal 2002 to \$4,339,000 in the first nine months of fiscal 2003. The profit increase was driven by improved sales of PelUnite(R) and PelUnite Plus<sup>TM</sup> animal feed binding agents and by currency changes, which had a positive impact on selling prices.

Net sales of the Crop Production and Horticultural Products Group for the first nine months of fiscal 2003 were \$17,325,000, an increase of 25.2% from net sales of \$13,840,000 in the first nine months of fiscal 2002. The net sales increase resulted primarily from increased sales of Agsorb(R) drying agents and Pro's Choice(R) sports field products. The sports field products have seen strong growth in the golf course market place. This segment's operating income increased by 13.2% from \$2,038,000 in the first nine months of fiscal 2002 to \$2,307,000 in the first nine months of fiscal 2003. The increase in operating income was driven by the gross profit change from increased sales.

Net sales of the Industrial and Automotive Products Group for the first nine months of fiscal 2003 were \$15,476,000, an increase of 5.5% from net sales of \$14,671,000 in the first nine months of fiscal 2002. This segment's operating income decreased from a profit of \$214,000 in the first nine months of fiscal 2002 to a loss of \$331,000 in the first nine months of fiscal 2003. The loss was driven by higher than anticipated manufacturing processing labor and expenses. Also, the recent spike in fuel prices impacted the income of this group, especially during the third quarter.

Consolidated gross profit as a percentage of net sales for the first nine months of fiscal 2003 increased to 21.3% from 18.7% in the first nine months of fiscal 2002. A favorable sales mix lead by the acquired Jonny Cat product line in the Consumer Products Group, improved sales of PelUnite Plus in the Specialty Product Group, increased sales of fine Agsorb and sports field products in Crop Production and Horticultural Products Group and the elimination of sales to unprofitable geographic areas all contributed to this increase. The Company's year-to-date fuel costs are down approximately 7% for the first nine months due to lower prices from the same period in fiscal 2002. However, recent fuel price increases drove an 8% fuel rate increase for the third quarter ending April 30, 2003.

Operating expenses as a percentage of net sales for the first nine months of fiscal 2003 remained flat at 16.9% as compared to the first nine months of fiscal 2002. Operating expenses in the first nine months of fiscal 2003 were reduced by other contractual income of \$675,000, but were increased overall by an increase in discretionary compensation expense. These two factors along with the increased sales led to a relatively consistent overall expense ratio.

Interest expense and interest income for the first nine months of fiscal 2003

did not vary significantly from fiscal 2002.

The Company's effective tax rate was 32.0% of pre-tax income in the first nine months of fiscal 2003 versus 29.8% in the first nine months of fiscal 2002. The other contractual income, the gains from real estate and mineral rights dispositions, the California state income tax impact on the Taft, California production facility and the impact of a lower depletion allowance at Taft compared to the Company's other production facilities all led to the increased rate. The Company anticipates that the Taft facility will not achieve depletion allowance values similar to the Company's other facilities for at least the next few years.

Total assets of the Company increased \$828,000 or 0.7% during the first nine months of fiscal 2003. Current assets increased \$540,000 or 0.9% from fiscal 2002 year-end balances, primarily due to increases in accounts receivable, inventory and prepaid expenses. The accounts receivable increase was related to the improved sales results as described previously. Offsetting some of the increase were decreases in cash and cash equivalents and investments, which were principally used to consummate the purchase, for \$6,000,000 in cash, of assets related to the Jonny Cat(R) brand of cat litter business (the "Purchase") from a wholly owned subsidiary of The Clorox Company (NYSE: CLX). However, positive operating cash flows have driven the combined Cash and Investments in Treasury securities balances to 93% of the fiscal 2002 year-end balances. Also offsetting some of the increase was a decrease in prepaid overburden removal expenses.

Property, plant and equipment, net of accumulated depreciation, increased \$413,000 or 0.8% during the first nine months of fiscal 2003. The increase was due to the Purchase, but was substantially offset by normal depreciation expense on the Company's pre-existing fixed asset base.

Total liabilities increased \$558,000 or 1.0% during the first nine months of fiscal 2003. Current liabilities increased \$3,757,000 or 18.9% during the first nine months of fiscal 2003, as a result of increases in current maturities of notes payable, accounts payable, freight payables, trade promotions, and other current liabilities.

#### EXPECTATIONS

The Company believes that sales for the last quarter of fiscal 2003 should increase from the same quarter of fiscal 2002. The sales from the Jonny Cat line of products should help to drive increased sales in the upcoming quarter. However, the Company is not projecting the same quarter over quarter growth in the Crop Production and Horticultural Products Group as was experienced in the third quarter. The inability to predict potential rate increases in natural gas and other fuel sources causes the Company to be cautious about the results for the fourth quarter of fiscal 2003 and the full year of fiscal 2004. In light of the strong first nine-month performance, the Company is raising its earnings estimate to a range of \$0.45 to \$0.60 per fully diluted share for the full year of fiscal 2003.

#### LIQUIDITY AND CAPITAL RESOURCES

Working capital decreased \$3,217,000 during the first nine months of fiscal 2003 to \$34,435,000, primarily due to a reduction of prepaid overburden removal expense and increased current notes payable, accounts payable, freight payables, accrued trade promotions and other current liabilities. This decrease was offset partially by increased accounts receivables, prepaid expenses and inventories. During the first nine months of fiscal 2003, the balances of cash, cash equivalents, investments and investment in Treasury securities decreased \$1,061,000 to \$15,175,000. This decrease was the result of the Purchase, but has been largely offset since then by continued positive operating cash flow.

Cash provided by operating activities was used to fund capital expenditures of \$2,956,000, the Purchase, payments on long-term debt of \$2,500,000, repurchase of Treasury Stock of \$952,000 and dividend payments of \$1,419,000. Total cash and investment balances held by the Company's foreign subsidiaries at April 30, 2003 and July 31, 2002 were \$2,493,000 and \$2,187,000, respectively.

Accounts receivable, less allowance for doubtful accounts, increased 11.2% during the first nine months of fiscal 2003. This increase was in large part driven by improved sales in the Crop Production and Horticultural Products Group and the additional sales from the Jonny Cat product line. The Company maintains policies and practices to monitor the creditworthiness of its customers. These policies include maintaining and monitoring a list of customers whose creditworthiness has diminished. The total balance of accounts receivable for accounts on that list represents approximately 12.5% of the Company's outstanding receivables at April 30, 2003.

On November 22 2002, the Company and Harris Trust and Savings Bank executed a second amendment to the Credit Agreement, dated January 29, 1999, between them. See Note 3 above.

The table listed below depicts the Company's Contractual Obligations and Commercial Commitments at April 30, 2003 for the timeframes listed:

CONTRACTUAL OBLIGATIONS

CONTRACTUAL OBLIGATIONS	PAYMENTS DUE BY PERIOD				
	TOTAL	LESS THAN 1 YEAR	1 - 3 YEARS	4 - 5 YEARS	AFTER 5 YEARS
Long-Term Debt	\$ 31,750,000	\$ 4,350,000	\$ 7,160,000	\$ 8,160,000	\$ 12,080,000
Operating Leases	14,526,000	2,228,000	2,686,000	1,909,000	7,703,000
Unconditional Purchase Obligations	828,000	828,000	--	--	--
Total Contractual Cash Obligations	\$ 47,104,000	\$ 7,406,000	\$ 9,846,000	\$ 10,069,000	\$ 19,783,000

OTHER COMMERCIAL COMMITMENTS

OTHER COMMERCIAL COMMITMENTS	AMOUNT OF COMMITMENT EXPIRATION PER PERIOD				
	TOTAL AMOUNTS COMMITTED	LESS THAN 1 YEAR	1 - 3 YEARS	4 - 5 YEARS	AFTER 5 YEARS
Standby Letters of Credit	\$ 2,963,000	\$ 2,963,000	--	--	--
Other Commercial Commitments	3,133,000	3,133,000	--	--	--
Total Commercial Commitments	\$ 6,096,000	\$ 6,096,000	\$ --	\$ --	\$ --

The Company's liquidity needs have been, and are expected to be, met through internally generated funds and, to the extent needed, borrowings under the Company's revolving credit facility with Harris Trust and Savings. As of April 30, 2003, the Company had \$7,500,000 available under the credit facility. The Credit Agreement, as amended, contains restrictive covenants that, among other things and under various conditions (including a limitation on capital expenditures), limit the Company's ability to incur additional indebtedness or to acquire or dispose of assets and to pay dividends.

The Company believes that cash flow from operations and availability under its revolving credit facility will provide adequate funds for foreseeable working capital needs, capital expenditures at existing facilities and debt service obligations. The Company's ability to fund operations, to make planned capital expenditures, to make scheduled debt payments and to remain in compliance with all of the financial covenants under debt agreements, including, but not limited to, the Credit Agreement, depends on its future operating performance, which, in turn, is subject to prevailing economic conditions and to financial, business and other factors.

THREE MONTHS ENDED APRIL 30, 2003 COMPARED TO  
THREE MONTHS ENDED APRIL 30, 2002

RESULTS OF OPERATIONS

Consolidated net sales for the three months ended April 30, 2003 were \$46,125,000, an increase of 17.5% from net sales of \$39,261,000 in the third quarter of fiscal 2002. Net income for the third quarter of fiscal 2003 was \$977,000, an increase of 93.8% from \$504,000 earned in the third quarter of fiscal 2002. Fiscal 2003 net income was positively impacted by the strong sales performance, which is detailed below, a pre-tax gain on real estate sales of \$310,000 and reduced distribution costs. The increase in income was partially offset by a pre-tax asset write-off of \$385,000 and a pre-tax goodwill write-off of \$350,000. Net income for the third quarter of fiscal 2002 was positively impacted by a pre-tax \$769,000 gain on the sale of mineral rights and negatively impacted by a pre-tax \$100,000 asset write-off. Basic and diluted net income per share for the third quarter of fiscal 2003 were \$0.18 and \$0.17, respectively, versus \$0.09 basic and diluted net income per share earned in the third quarter of fiscal 2002.

Net sales of the Consumer Products Group for the third quarter of fiscal 2003 were \$26,563,000, an increase of 15.3% from net sales of \$23,046,000 in the third quarter of fiscal 2002. This segment's operating income increased 103% from \$1,633,000 in the third quarter of fiscal 2002 to \$3,312,000 in the third quarter of fiscal 2003. Sales growth of 37% was seen in the Company's Kat Kit(R) product line and 27% growth in the Cat's Pride(R) multiple cat scoopable product offerings. The acquisition of the Jonny Cat product line also added a significant sales boost to the quarter. Sales were reduced by the elimination of

unprofitable business with Wal-Mart, which was implemented in the fourth quarter of fiscal 2002. The incremental gross profit from the sales increases and the reduction of distribution costs associated with the Wal-Mart change drove the improved profits for the quarter.

Net sales of the Specialty Products Group for the third quarter of fiscal 2003 were \$6,343,000, an increase of 9.8% from net sales of \$5,779,000 in the third quarter of fiscal 2002. The segment's operating income increased 20.4% from \$1,185,000 in the third quarter of fiscal 2002 to \$1,427,000 in the third quarter of fiscal 2003. The profit increase was driven by currency changes, which had a positively impact on selling prices and by improved sales of domestic animal health and nutrition products, which include PelUnite, and PelUnite Plus pellet binders and Poultry Guard(R) litter amendments and Conditionade(R) binding agents. The Poultry Guard and PelUnite product lines both reported sales and gross profit increases for the period.

Net sales of the Crop Production and Horticultural Products Group for the third quarter of fiscal 2003 were \$7,574,000, an increase of 36.6% from net sales of \$5,544,000 in the third quarter of fiscal 2002. The quarterly sales increases followed the full year trend of growth in Agsorb agricultural products and Pro's Choice sports field products. The sports field products have seen strong growth in the golf course market place. This segment's operating income increased by 9.5% from \$1,142,000 in the third quarter of fiscal 2002 to \$1,250,000 in the third quarter of fiscal 2003. The increase in operating profit was driven by the gross profit change from increased sales. However, the recent fuel cost increases experienced by the Company lowered the overall profit increase.

Net sales of the Industrial and Automotive Products Group for the third quarter of fiscal 2003 were \$5,645,000, an increase of 15.4% from net sales of \$4,892,000 in the third quarter of fiscal 2002. A large portion of the sales increase was driven by the Taft plant purchase. This segment's operating income improved from a loss of \$24,000 in the third quarter of fiscal 2002 to a loss of \$4,000 in the third quarter of fiscal 2003. Improvements in manufacturing processing labor and expenses and the sales increases were offset by the recent spike in fuel prices.

Consolidated gross profit as a percentage of net sales for the third quarter of fiscal 2003 increased to 21.5% from 18.5% in the third quarter of fiscal 2002. A favorable sales mix led by the acquired Jonny Cat product line, Kat Kit products and Cat's Pride products in the Consumer Products Group, improved sales of Poultry Guard and PelUnite products in the Specialty Product Group, increased sales of Agsorb and Pro's Choice products in the Crop Production and Horticultural Products Group and lower distribution costs due to the Wal-Mart change all contributed to this increase. Offsetting these improvements were price increases in the energy markets. These market changes drove an 8% fuel rate increase for the third quarter of fiscal 2003 as compared to the same quarter in fiscal 2002.

Operating expenses as a percentage of net sales for the third quarter of fiscal 2003 were flat compared to the same period in fiscal 2002 at approximately 17%. The third quarter of fiscal 2003 was impacted by the \$350,000 goodwill write-off.

Interest expense net of interest income for the third quarter of fiscal 2003 increased by \$30,000 compared to the third quarter of fiscal 2002. Interest income for the third quarter of fiscal 2003 decreased compared to the same period in fiscal 2002 due to lower yields in the market place and a change in the portfolio mix.

The Company's effective tax rate was 33.7% of pre-tax income in the third quarter of fiscal 2003 versus 30.4% in the third quarter of fiscal 2002. Impacting the tax rate were the real estate gains, California's state income tax impact on the Taft, California production facility and the impact of a lower depletion allowance at Taft compared to the Company's other production facilities. It is anticipated that the Taft facility will not achieve depletion allowance values similar to the other facilities for at least the next few years.

#### FOREIGN OPERATIONS

Net sales by the Company's foreign subsidiaries during the nine months ended April 30, 2003 were \$8,380,000 or 6.5% of total Company sales. This represents an increase of 4.0% from the first nine months of fiscal 2002, in which foreign subsidiary sales were \$8,056,000 or 6.5% of total Company sales. This increase in sales was seen largely in the Company's Canadian operation where the addition of the Jonny Cat product line and price increases have exceeded the loss of private label business from one customer. For the nine months ended April 30, 2003, the foreign subsidiaries reported a loss of \$44,000, an improvement of \$396,000 from the \$440,000 loss reported in the first nine months of fiscal 2002. The improvement for the year was due to improved sales and lower material costs at the Company's Canadian operation.

Identifiable assets of the Company's foreign subsidiaries as of April 30, 2003 were \$10,126,000 compared to \$9,867,000 as of April 30, 2002.

Net sales by the Company's foreign subsidiaries during the three months ended April 30, 2003 were \$2,984,000 or 6.5% of total Company sales. This represents an increase of 25.6% from the third quarter of fiscal 2002, in which foreign subsidiary sales were \$2,376,000 or 6.1% of total Company sales. Again, this increase was driven by the addition of the Jonny Cat product line. For the three months ended April 30, 2003, the foreign subsidiaries reported a loss of

\$29,000, an improvement of \$122,000 from the \$151,000 loss reported in the third quarter of fiscal 2002. The improvement for the quarter was due to improved sales and lower material costs in Canada.

FORWARD-LOOKING STATEMENTS

CERTAIN STATEMENTS IN THIS REPORT, INCLUDING, BUT NOT LIMITED TO, THOSE UNDER THE HEADING "EXPECTATIONS" AND THOSE STATEMENTS ELSEWHERE IN THIS REPORT THAT USE FORWARD-LOOKING TERMINOLOGY SUCH AS "EXPECT," "WOULD," "COULD," "SHOULD," "ESTIMATES," "ANTICIPATES" AND "BELIEVES" ARE "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THAT TERM IN THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THOSE REFLECTED IN THESE FORWARD-LOOKING STATEMENTS, DUE TO UNCERTAINTIES SUCH AS CONTINUED VIGOROUS COMPETITION IN THE GROCERY, MASS MERCHANDISER AND CLUB MARKETS AND SPECIALTY PRODUCT MARKETS, THE LEVEL OF SUCCESS OF NEW PRODUCTS, AND THE COST OF PRODUCT INTRODUCTIONS AND PROMOTIONS IN THE CONSUMER MARKET. FORWARD-LOOKING STATEMENTS ARE ALSO SUBJECT TO THE RISK OF CHANGES IN MARKET CONDITIONS IN THE OVERALL ECONOMY, ENERGY PRICES, THE RISK OF WAR OR INTERNATIONAL INSTABILITY AND, FOR THE FLUIDS PURIFICATION AND AGRICULTURAL MARKETS, CHANGES IN PLANTING ACTIVITY, CROP QUALITY AND OVERALL AGRICULTURAL DEMAND, INCLUDING EXPORT DEMAND, INCREASING REGULATION OF THE FOOD CHAIN AND FOREIGN EXCHANGE RATE FLUCTUATIONS. OTHER FACTORS AFFECTING THESE FORWARD-LOOKING STATEMENTS MAY BE DETAILED FROM TIME TO TIME IN OTHER REPORTS FILED BY THE COMPANY WITH THE SECURITIES AND EXCHANGE COMMISSION.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to interest rate risk and employs policies and procedures to manage its exposure to changes in the market risk of its cash equivalents and short-term investments. The Company had two interest rate swap agreements as of April 30, 2003. The Company believes that the market risk arising from holdings of its financial instruments is not material.

The Company is exposed to regulatory risk in the fluid purification and agricultural markets, principally as a result of the risk of increasing regulation of the food chain in the United States and Europe. The Company actively monitors developments in this area, both directly and through trade organizations of which it is a member.

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

The table below provides information about the Company's natural gas future contracts, which are sensitive to changes in commodity prices, specifically natural gas prices. For the future contracts the table presents the notional amounts in MMBtu's, the weighted average contract prices, and the total dollar contract amount, which will mature by July 31, 2003. The Fair Value was determined using the "Most Recent Settle" price for the "Henry Hub Natural Gas" option contract prices as listed by the New York Mercantile Exchange on May 28, 2003.

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 COMMODITY PRICE SENSITIVITY  
 NATURAL GAS FUTURE CONTRACTS  
 FOR THE YEAR ENDING JULY 31, 2003  
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	Expected 2003 Maturity	Fair Value
Natural Gas Future Volumes (MMBtu's)	645,000	--
Weighted Average Price (Per MMBtu)	\$ 3.82	--
Contract Amount (\$ U.S., in thousands)	\$2,462.9	\$3,039.1

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



ITEM 4. CONTROLS AND PROCEDURES

- (a) Based on their evaluation within 90 days prior to the filing date of this Quarterly Report on Form 10-Q, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures as defined in Rule 13a-14(c) under the Securities Exchange Act of 1934, as amended, are effective for gathering, analyzing, and disclosing the information the Company is required to disclose in reports filed under the Act.
- (b) There were no significant changes in the Company's internal controls or in other factors that could significantly affect those controls since the date of last evaluation of those internal controls.

PART II - OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS:

Exhibit 10(j)(1): Restatement dated April 1, 2003 of the Oil-Dri Corporation of America November 15, 1995 Deferred Compensation Plan

Exhibit 10(l): Supplemental Executive Retirement Plan dated April 1, 2003

Exhibit 11: Statement Re: Computation of per share earnings

Exhibit 99: Additional Exhibits: Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(b) REPORTS ON FORM 8-K:

The Company filed a Current Report on Form 8-K dated February 28, 2003, reporting that it had issued a press release announcing its second quarter and six month earnings.

The Company filed a Current Report on Form 8-K dated March 14, 2003, reporting on Item 9 thereof that it had furnished Certifications pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

The Company filed a Current Report on Form 8-K dated March 28, 2003, reporting that it had issued a press release announcing its implementation of price increases.

SIGNATURES

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

OIL-DRI CORPORATION OF AMERICA  
(Registrant)

BY /S/JEFFREY M. LIBERT  
Jeffrey M. Libert  
Chief Financial Officer

BY /S/DANIEL S. JAFFEE  
Daniel S. Jaffee  
President and Chief Executive Officer

Dated: June 12, 2003

CERTIFICATIONS PURSUANT TO RULE 13A-14 UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

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

1. I have reviewed this quarterly report on Form 10-Q of Oil-Dri Corporation of America ("Oil-Dri");
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of Oil-Dri as of, and for, the periods presented in this quarterly report;
4. Oil-Dri's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for Oil-Dri and we have:
  - a. designed such disclosure controls and procedures to ensure that material information relating to Oil-Dri, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared.
  - b. evaluated the effectiveness of Oil-Dri's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
  - c. presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date:
5. Oil-Dri's other certifying officer and I have disclosed, based on our most recent evaluation, to Oil-Dri's auditors and the audit committee of Oil-Dri's board of directors:
  - a. all significant deficiencies in the design or operation of internal controls which could adversely affect Oil-Dri's ability to record, process, summarize and report financial data and have identified for Oil-Dri's auditors any material weaknesses in internal controls; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in Oil-Dri's internal controls; and
6. Oil-Dri's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: June 12, 2003  
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By: /s/ Daniel S. Jaffee  
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Daniel S. Jaffee  
President and Chief Executive  
Officer

CERTIFICATIONS PURSUANT TO RULE 13A-14 UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

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

1. I have reviewed this quarterly report on Form 10-Q of Oil-Dri Corporation of America ("Oil-Dri");
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of Oil-Dri as of, and for, the periods presented in this quarterly report;
4. Oil-Dri's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for Oil-Dri and we have:
  - a. designed such disclosure controls and procedures to ensure that material information relating to Oil-Dri, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared.
  - b. evaluated the effectiveness of Oil-Dri's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
  - c. presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date:
5. Oil-Dri's other certifying officer and I have disclosed, based on our most recent evaluation, to Oil-Dri's auditors and the audit committee of Oil-Dri's board of directors:
  - a. all significant deficiencies in the design or operation of internal controls which could adversely affect Oil-Dri's ability to record, process, summarize and report financial data and have identified for Oil-Dri's auditors any material weaknesses in internal controls; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in Oil-Dri's internal controls; and
6. Oil-Dri's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: June 12, 2003  
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By: /s/ Jeffrey M. Libert  
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Jeffrey M. Libert  
Chief Financial Officer

EXHIBITS

- Exhibit 10(j)(1): Restatement dated April 1, 2003 of the Oil-Dri Corporation of America November 15, 1995 Deferred Compensation Plan
- Exhibit 10(1): Supplemental Executive Retirement Plan dated April 1, 2003
- Exhibit 11: Statement Re: Computation of per share earnings
- Exhibit 99: Additional Exhibits: Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

THE OIL-DRI CORPORATION OF AMERICA DEFERRED COMPENSATION PLAN  
As Amended and Restated Effective April 1, 2003

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.

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 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, as amended from time to time.

2.3 CLAIMANT means a Participant or beneficiary of a Participant who believes he or she is entitled to a benefit under the Plan.

2.4 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.

2.5 COMPANY means Oil-Dri Corporation of America or any successor to all or a major portion of the Company's assets or business which assumes the obligations of the Company.

2.6 COMPENSATION means employee cash compensation, including but not limited to, base salary and bonuses payable under the Oil-Dri Corporation of America Annual Incentive Plan (hereafter "Incentive Bonus"), and director cash compensation, including but not limited to, retainers, meeting fees, and consulting fees, payable to a Participant by the Company or an Employer. Employee compensation 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).

2.7 EARNINGS means the Company's long-term borrowing cost in effect during the quarter for which Earnings are being credited plus one percent. Prior to October 1, 2000 Earnings means the reported composite rate of return experienced by the investment portfolio(s) chosen by a Participant as crediting indices; and for the portfolio referred to as the Oil-Dri Declared Rate Fund, Earnings means the Company's long-term borrowing cost ("Interest") in effect during the quarter for which Earnings are being credited. Prior to January 1, 1999, Earnings means Interest as defined in this Section 2.7. For Participants who retired prior to January 1, 1999, Earnings will continue to mean Interest as defined in this Section 2.7.

2.8 EFFECTIVE DATE means December 15, 1995.

2.9 ELECTION FORM means the participation election form as approved and prescribed by the Plan Administrator.

2.10 ELECTIVE DEFERRAL means the portion of Compensation which is deferred by a Participant under Section 4.1.

2.11 ELIGIBLE EMPLOYEE OR DIRECTOR generally means each employee of an Employer 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. The Company reserves the right to from time to time extend eligibility to participate in the Plan to a management employee of the Company who is at a salary grade less than Grade 10.

2.11 EMPLOYER means the Company and each other entity that is affiliated with the Company which adopts the Plan with the consent of the Company.

2.12 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.

2.13 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.

2.14 PARTICIPANT means any individual who participates in the Plan in accordance with Article 3.

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

2.16 PLAN ADMINISTRATOR means the person, persons or entity designated by the Company from time to time to administer the Plan. If no such person, persons or entity is so serving at any time, the Company shall be the Plan Administrator.

2.17 PLAN YEAR means the 12-month period beginning January 1 and ending December 31.

2.18 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.

2.19 UNFORESEEN EMERGENCY has the mean set forth in Section 7.6

### 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 (other than Incentive Bonus), 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 Incentive Bonus payable 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 Incentive Bonus. 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 Employee 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 Section 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 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 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 other than Incentive Bonus (except that elections for the Plan Year 1996 may be made up to and including the effective date of December 15, 1995) and before the 15th of March with respect to Incentive Bonus.

### 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 and any distributions to the Participant, together with any adjustments for Earnings. The Plan Administrator shall provide the Participant as soon as practicable after the end of the Plan Year with a statement of his or her Account as of the last business day of the Plan Year, reflecting the amounts of deferrals, Earnings, and distributions of such Account since the prior statement. Prior to October 1, 2000 and subsequent to January 1, 1999 the Plan Administrator shall provide each Participant with a statement showing the status of his or her account as of the end of the calendar quarter.

## 5.2 EARNINGS CREDITED

Each Participant's Account shall be adjusted for Earnings. Effective October 1, 2000 Earnings adjustments shall be calculated at a rate equal to the Company's long-term borrowing cost in effect during the quarter for which the Participant's Account is being adjusted plus one percent.

Prior to October 1, 2000, Earnings adjustments shall be calculated at a rate computed as if the Participant's Account had been invested in whole and fractional shares of the investment portfolio(s) selected by the Participant as crediting indices. For purposes of computing these Earnings adjustments, Elective Deferrals shall be assumed to have been invested in shares of the crediting indices on each date a transaction is credited to or debited from the Participant's account, at the trading price of the crediting indices on such date or the first business day thereafter. Earnings adjustments shall be computed as if all dividends paid on the crediting indices were reinvested in whole or fractional shares on the date paid.

Prior to January 1, 1999 earnings adjustments shall be calculated at the Interest rate as defined in Section 2.7. For Participants who retired prior to January 1, 1999, the rate for calculation of Earnings will continue to be the Interest rate.

## 5.3 CREDITING INDICES

Effective October 1, 2000 no crediting indices shall be offered under the Plan.

Prior to October 1 and subsequent to January 1, 1999 the Company shall select investment portfolios to serve as crediting indices. Each Participant may designate any combination (in increments of not less than 5%) of these portfolios to be used as the crediting indices for his or her account. Participants do not have an ownership interest in the investment portfolio(s) chosen by them as crediting indices. Each Participant may change his or her designated portfolio(s) to be effective the first day of any quarter by submitting the appropriate form to the Plan Administrator at least ten days prior to the first day of such quarter. Any designation of new crediting indices will result in an Earnings adjustment equivalent to a sale of shares in the current crediting indices and a purchase of shares in the new crediting indices on the first day of the quarter or the first business day thereafter. The Company may from time to time change the selection of investment portfolios offered to Participants as crediting indices. The Plan Administrator shall notify each Participant of any such change in investment portfolios.

## ARTICLE 6 - VESTING

### 6.1 GENERAL

A Participant shall be immediately vested in and, subject to Participant's elections as to time and form of payment under Section 7.1, shall have a nonforfeitable right to, all Elective Deferrals and all Earnings 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 on the Election Form the date at which the Elective Deferrals (including any Earnings 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 Earnings attributable thereto) for the Plan Year for which it is made. Except as provided in Sections 7.2, 7.3, 7.4, 7.5 or 7.6, payment of a Participant's Account shall be made in accordance with the Participant's elections under this Section 7.1 Such elections will be irrevocable except that a Participant who has elected to receive payments only upon retirement, may change the method of payment by completing a new Election Form more than one year in advance of retirement.



## 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 AGE 55

Upon termination of a Participant's employment for any reason other than death prior to the attainment of 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 DISABILITY

If a Participant suffers a Total and Permanent Disability prior to the complete distribution of his or her Account balance, the following provisions shall apply:

- a. If the Participant is receiving disability benefits under the Company's short-term or long-term disability plan, the Participant will be treated as actively employed and payment from the Participant's account shall not be made. The Participant may, at his or her election, apply for payment because of Unforeseen Emergency under Section 7.6.
- b. If disability benefits under the Company's disability plans cease due to recovery from the Total and Permanent Disability, and the Participant does not return to employment with the Company, the Participant's Account shall be paid to the Participant as provided in Section 7.3.

## 7.5 DEATH

If a Participant dies 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'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 occurs. Payment in annual installments shall commence the year immediately following the year in which death 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.

## 7.6 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 section, 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.

## 7.7 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.

## 7.8 CLAIMS PROCEDURE

A Claimant may file a claim for 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.

#### 7.9 SECTION 162(M) LIMITATIONS

In the event that any amount to be paid pursuant to Section 7.1, 7.3, 7.4, 7.5 or 7.6 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 7.9.

### 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 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 Company 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 the Company) 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

The Company 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 the Company's behalf by its Chief Executive Officer or another executive officer of the Company, with the specific approval of the board of directors, or an authorized committee 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 condition of employment or an inducement for the performance of services by an Eligible Employee or Director (or other employee). The Company 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 the Company's behalf by its Chief Executive Officer or another executive officer of the Company, with the specific approval of the board of directors, or an authorized committee 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 the Company or the Plan Administrator or any action authorized by or taken at the direction of the Company or the Plan Administrator 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.

OIL-DRI CORPORATION OF AMERICA  
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN  
EFFECTIVE APRIL 1, 2003

FOREWORD

Effective as of April 1, 2003, Oil-Dri Corporation of America has adopted this Supplemental Executive Retirement Plan (the "Plan") for the benefit of certain of its executives. The Excess Benefit provided under the Plan is intended to be an "excess benefit plan" as defined in Section 3(36) of the Employee Retirement Income Security Act of 1974, as amended (ERISA), and the Supplemental Benefit provided under the Plan is intended to be a deferred compensation plan for "a select group of management or highly compensated employees" as that term is used in ERISA and the Plan shall be interpreted and administered to the extent possible in a manner consistent with that intent.

The purpose of the Plan is to provide certain retired participants in the Oil-Dri Corporation of America Pension Plan ("Retirement Plan") with the amount of benefits that would have been provided under the Retirement Plan but for:

1. the limitations on benefits imposed by Section 415 of the Internal Revenue Code (Code), and/or
2. the limitation on compensation for purposes of calculating benefits under the Retirement Plan imposed by Section 401(a)(17) of the Code.

article 1 - Definitions

- 1.1 Except to the extent otherwise indicated herein, or to the extent otherwise inappropriate in the context, the definitions contained in Article II of the Retirement Plan are applicable under this Plan.
- 1.2 "Committee" means the persons appointed by the Company as the Administrative Committee of the Retirement Plan.
- 1.3 "Company" means Oil-Dri Corporation of America, a corporation organized and existing under the laws of the State of Delaware and having its principal office in Chicago, Illinois. The Board of Directors of the Company or the Compensation Committee or any other authorized committee of the Board of Directors shall act on behalf of the Company.
- 1.4 "Excess Benefit" means the excess, if any, of the Retirement Benefit which would have been payable to or with respect to a Participant under the Retirement Plan had the limitations on benefits imposed by Section 415 of the Code not been applicable, over the Retirement Benefit actually payable to or with respect to the Participant under the Retirement Plan.
- 1.5 "Participant" means an individual who is eligible to receive benefits under the Plan as set forth in Article 2.1.
- 1.6 "Plan" means this Oil-Dri Corporation of America Supplemental Executive Retirement Plan, as amended, modified, or restated from time to time.
- 1.7 "Retirement Benefit" means, as the context requires, the benefit payable from the Retirement Plan.
- 1.8 "Retirement Plan" means the Oil-Dri Corporation of America Pension Plan, as amended, modified, or restated from time to time.
- 1.9 "Supplemental Benefit" means the excess, if any, of the Retirement Benefit that would have been payable to or with respect to a Participant under the Retirement Plan had the amount of the Participant's annual Compensation taken into account for purposes of calculating benefits under the Retirement Plan not been limited by Code Section 401(a)(17), over the sum of (a) the Retirement Benefit actually payable to or with respect to the Participant under the Retirement Plan and (b) any Excess Benefit payable under this Plan.

ARTICLE 2 - Participation

2.1 Participation

Each Retirement Plan participant whose Accrued Benefit under the Retirement Plan

is limited by application of the limitations on benefits imposed by Code Section 415 and/or the limitation on considered compensation imposed by Code Section 401(a)(17) shall be a Participant in this Plan. Participation in this Plan shall be limited to such Retirement Plan participants.

### ARTICLE 3 - Benefits

#### 3.1 Excess Benefit

The aggregate amount of Excess Benefit payable to or with respect to the Participant shall be paid directly to such Participant or his or her Beneficiary from the general assets of the Company in accordance with Articles 3.3 and 3.4.

#### 3.2 Supplemental Benefit

The aggregate amount of Supplemental Benefit payable to or with respect to the Participant shall be paid directly to such Participant or his or her Beneficiary from the general assets of the Company in accordance with Articles 3.3 and 3.4.

#### 3.3 General Provisions

- (a) The Company shall make no provision for the funding of any Excess Benefits or Supplemental Benefits payable hereunder.
- (b) In the event that the Company shall decide to establish an advance accrual reserve on its books against the future expense of Excess Benefit or Supplemental Benefit payments, such reserve shall not under any circumstances be deemed to be an asset of the Plan but, at all times, shall remain a part of the general assets of the Company, subject to claims of the Company's creditors.
- (c) The Excess Benefit and/or Supplemental Benefit with respect to a Participant shall be paid to the Participant or his or her Beneficiary in the same form, subject to the same conditions and, to the extent administratively possible, at the same time as the Retirement Benefit to or with respect to the Participant under the Retirement Plan. Benefits will be calculated using the same actuarial factors then utilized by the Retirement Plan for determining actuarial equivalence. All federal, state, and local taxes that the Committee determines are required to be withheld from any benefit payments made under the Plan shall be withheld.
- (d) Any other provision of the Plan to the contrary notwithstanding, in the event the present value of the vested combined Excess Benefit and Supplemental Benefit with respect to a Participant who has a Termination of Employment does not exceed \$50,000, payment of his or her benefit shall be made in a lump sum as soon as administratively feasible after said Termination of Employment.
- (e) In the event that the Retirement Plan shall be terminated, Excess Benefits and/or Supplemental Benefits shall continue to be paid directly by the Company as provided in subsections (c) or (d) above, but only with respect to such benefits accrued as of the date of the Retirement Plan's termination.

#### 3.4 Limitations on Benefits

- (a) Any Excess Benefit and any Supplemental Benefit under this Plan shall be considered vested and nonforfeitable only if and when the Participant's Accrued Benefit under the Retirement Plan is vested and nonforfeitable.
- (b) Notwithstanding the foregoing, the Excess Benefit and/or Supplemental Benefit with respect to a Participant shall be subject to adjustment by reason of changes in Code Section 401(a)(17) and/or 415 affecting the Accrued Benefit payable under the Retirement Plan
- (c) Any other provision of the Plan to the contrary notwithstanding, in no event will any benefit be payable under the Plan with respect to a Participant who terminates employment or retires, if such individual performs services for a competitor of the Company, and such service is determined by the Committee to violate any non-competition agreement signed by the Participant.

### ARTICLE 4 - Administration

#### 4.1 Plan Administrator

The Committee shall be the "administrator" of the Plan within the meaning of Section 3(16)(A) of ERISA.

#### 4.2 Powers of Plan Administrator

The Committee shall be vested with the general administration of the Plan. The Committee shall have the exclusive right, and discretionary authority, to interpret the Plan. The decisions, actions and records of the Committee shall be conclusive and binding upon the Company, upon any adopting Employers, and upon all persons having or claiming to have any right or interest in or under the Plan.

#### 4.3 Participation by Subsidiary

If any entity is now or hereafter becomes a subsidiary or affiliate of the Company and becomes an adopting Employer under the Retirement Plan, the Company may authorize such subsidiary or affiliate to participate in this Plan upon appropriate action by such entity necessary to adopt the Plan.

#### 4.4 Claim Procedure

Any Participant or Beneficiary, or his or her representative, who believes he or she is entitled to payment of a benefit for which provision is made in the Plan shall file a written claim with the Committee and shall furnish such evidence of entitlement to benefits as the Committee may reasonably require. The Committee shall notify the Participant or Beneficiary in writing as to the amount of the benefit to which he or she is entitled, the duration of such benefit, the time the benefit is to commence and other pertinent information concerning his or her benefit. If a claim for a benefit is denied by the Committee, in whole or in part, the Committee shall provide adequate notice in writing to the Participant or Beneficiary whose claim for a benefit has been denied within the 90-day period following receipt of the claim by the Committee. If, under special circumstances, the Committee requires an extension of time for processing the claim, written notice of the extension shall be furnished to the claimant prior to the termination of the initial 90-day period. In no event shall such extension exceed a period of 90 days from the end of such initial period. If written notice of the denial is not furnished in accordance with the above, the claim shall be deemed denied and the claimant may proceed with an appeal of the denial, as provided below. The written notice regarding the benefit denied shall set forth (a) the specific reason or reasons for the denial; (b) specific reference to pertinent Plan provisions on which the denial is based; (c) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and (d) a statement that any appeal of the denial must be made in writing to the Committee, within 60 days after receipt of the notice, which must include a full description of the pertinent issues and the basis of the appeal. If the Participant or Beneficiary fails to appeal such action to the Committee in writing within the prescribed period of time, the Committee's determination shall be final, binding and conclusive.

#### 4.5 Appeal of Denial of Claim

If the Committee receives from a Participant or a Beneficiary, or his or her representative, within the prescribed period of time, a notice of an appeal of the denial of a claim for benefits, the Committee shall reconsider the claim, and may hold a hearing or otherwise ascertain such facts as it deems necessary, and shall render a decision which shall be binding upon both parties. The decision of the Committee shall be in writing and a copy thereof shall be sent by certified mail to the claimant within 60 days after the receipt by the Committee of the notice of appeal, unless special circumstances require an extension of such 60-day period, but in any event, not later than 120 days after receipt. If written notice of the denial on appeal of a claim for benefits is not received within the 60- or 120-day period, as applicable, then the claim shall be treated as a denied claim on appeal.

### ARTICLE 5 - Amendment and Termination

#### 5.1 Amendment of the Plan

Subject to the provisions of Article 5.3, the Plan may be wholly or partially amended or otherwise modified at any time by the Company.

#### 5.2 Termination of the Plan

Subject to the provisions of Article 5.3, the Plan may be terminated at any time by the Company.

#### 5.3 No Impairment of Benefits

Notwithstanding the provisions of Articles 5.1 and 5.2, no amendment to or termination of the Plan shall impair any rights to Excess Benefits and Supplemental Benefits which have accrued hereunder. In the event the Plan is terminated, any Excess Benefits and Supplemental Benefits remaining will be distributed in such manner as is determined by the Committee in its sole discretion.

### ARTICLE 6 - Incorporation of Retirement Plan by Reference

#### 6.1 Incorporation of Retirement Plan by Reference

Except to the extent otherwise indicated herein, the applicable provisions of the Retirement Plan are hereby incorporated by reference into this Plan.

### ARTICLE 7 - Miscellaneous

#### 7.1 Non-Alienation

No right or benefit under the Plan shall be subject to anticipation, alienation, sale, assignment, pledge, encumbrance or charge, and any attempt to anticipate, alienate, sell, assign, pledge, encumber or charge the same shall be void. No

right or benefit under the Plan shall in any manner be liable for or subject to the debts, contracts, liabilities or torts of the person entitled to such benefit except such claims as may be made by the Company or any affiliate. Notwithstanding the foregoing, a Participant's Excess Benefit and/or Supplemental Benefit may be assigned or awarded to an alternate payee pursuant to a domestic relations order the Committee determines to be a "qualified domestic relations order" (or "QDRO") described in Code Section 414(p).

## 7.2 Unsecured General Creditor

Participants and their Beneficiaries, heirs, successors and assigns shall have no legal or equitable rights, interests or claims in any property or assets of the Company. For purposes of the payment of benefits under the Plan, the Company's assets shall be, and remain, neither pledged nor restricted under or as a result of the Plan. The Company's obligation under the Plan shall be merely that of an unfunded and unsecured promise to pay money in the future. All amounts deferred and accrued under the Plan will be unsecured liabilities of the Company. For purposes of this Section 7.2, all references to the "Company" shall be deemed to also refer to any adopting Employer.

## 7.3 Court Order

If an interest in a Participant's Excess Benefit and/or Supplemental Benefit under the Plan is assigned or awarded to an alternate payee pursuant to a QDRO, the Committee, in its sole discretion, shall have the right, notwithstanding any election made by the Participant, to immediately cause the Company to distribute to the alternate payee his or her interest in such benefit in a lump sum.

## 7.4 Participant's Rights

The establishment of the Plan shall not be construed as giving any Participant the right to be retained as an employee of the Company or any adopting Employer, or the right to receive any benefits not specifically provided herein. The Company and any adopting Employer shall have no obligation to fund its obligations under the Plan. Nothing herein shall be deemed to create a trust of any kind or to create any fiduciary relationships.

## 7.5 Notice

Any notice authorized or required to be given to the Company under the Plan shall be deemed given upon delivery in writing, signed by the person giving the notice, to the General Counsel of the Company or such other officer as may be designated by the Committee.

## 7.6 Applicable Law

To the extent not preempted by the laws of the United States of America, the Plan shall be governed by the laws of the State of Illinois without regard to its conflict of laws rules.

## 7.7 Expenses

The expenses of administering the Plan shall be borne by the Company.

## 7.8 Incompetency

If any Participant or Beneficiary is, in the opinion of the Committee, legally incapable of giving a valid receipt and discharge for any payment, the Committee may, at its option, direct that such payment or any part thereof be made to such person or persons who in the opinion of the Committee are caring for and supporting such Participant or Beneficiary, unless it has received due notice of claim from a duly appointed guardian or conservator of the estate of the Participant or Beneficiary. A payment so made will be a complete discharge of the obligations under the Plan.

## 7.9 Severability

If any provisions of the Plan shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts of the Plan, but the Plan shall be construed and enforced as if said illegal and invalid provisions had never been included herein.

## 7.10 Gender and Number

Masculine gender shall include the feminine, and the singular shall include the plural, unless the context clearly indicates otherwise.

## 7.11 Captions

The captions of the sections and paragraphs of the Plan are for convenience only and shall not control or effect the meaning or construction of any of its provisions.

IN WITNESS WHEREOF, the Company has caused the Plan to be executed upon the signature of its duly qualified officer as of the date first written above.

By: /s/ Daniel S. Jaffee  
-----  
Its Chief Executive Officer

ATTEST: By: /s/ Charles P. Brissman  
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Exhibit 11:

OIL-DRI CORPORATION OF AMERICA AND SUBSIDIARIES  
 COMPUTATION OF EARNINGS PER SHARE  
 (IN THOUSANDS EXCEPT FOR PER SHARE AMOUNTS)

	NINE MONTHS ENDED APRIL 30	
	2003	2002
Net income available to Stockholders (numerator)	\$ 2,607	\$ 845
Shares Calculation (denominator):	5,599	5,614
Average shares outstanding - basic	--	--
Effect of Dilutive Securities:	--	--
Potential Common Stock relating to stock options	96	46
Average shares outstanding- assuming dilution	5,695	5,660
Earnings per share-basic	\$ 0.47	\$0.15
Earnings per share-assuming dilution	\$ 0.46	\$0.15

Certifications pursuant to 18 U.S.C. Section 1350 as adopted  
pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Certification

Pursuant to 18 U.S.C. Section 1350, the undersigned officer of Oil-Dri Corporation of America (the "Company") hereby certifies that the Company's Quarterly Report on Form 10-Q for the quarter ended April 30, 2003 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Dated: June 12, 2003

/s/ Daniel S. Jaffee

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Name: Daniel S. Jaffee  
Title: President and Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to Oil-Dri Corporation of America and will be retained by Oil-Dri Corporation of America and furnished to the Securities and Exchange Commission or its staff upon request.

Certification

Pursuant to 18 U.S.C. Section 1350, the undersigned officer of Oil-Dri Corporation of America (the "Company") hereby certifies that the Company's Quarterly Report on Form 10-Q for the quarter ended April 30, 2003 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Dated: June 12, 2003

/s/ Jeffrey M. Libert

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Name: Jeffrey M. Libert  
Title: Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Oil-Dri Corporation of America and will be retained by Oil-Dri Corporation of America and furnished to the Securities and Exchange Commission or its staff upon request.