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

FORM 10-K

**☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended July 31, 2003

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

For the Transition Period from _____ to _____

Commission File Number 0-8675

OIL-DRI CORPORATION OF AMERICA

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

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

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

Common Stock, par value $0.10 per share

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

None

Indicate by check mark whether Oil-Dri (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that Oil-Dri was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days:
Yes ☒ No ☐

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

Indicate by check mark whether Oil-Dri is an accelerated filer:
Yes ☐ No ☒

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

The aggregate market value of Oil-Dri's Common Stock owned by non-affiliates as of September 29, 2003 was $47,448,000.

Number of shares of each class of Oil-Dri's common stock outstanding as of September 29, 2003:

Common Stock – 5,472,935 shares (including 1,434,540 treasury shares)
Class B Stock – 1,765,083 shares (including 342,241 treasury shares)
Class A Common Stock – 0 shares

DOCUMENTS INCORPORATED BY REFERENCE

The following documents are incorporated by reference:

1. Oil-Dri's Proxy Statement for its 2003 Annual Meeting of Stockholders ("Proxy Statement"), which will be filed with the Securities and Exchange Commission not later than November 28, 2003 (120 days after the end of Oil-Dri's fiscal year ended July 31, 2003), is incorporated into Part III of this Annual Report on Form 10-K, as indicated herein.

CONTENTS

		Page
PART I		
Item 1:	Business	4 - 9
Item 2:	Properties	10 - 11
Item 3:	Legal Proceedings	11
Item 4:	Submission of Matters to a Vote of Security Holders	11
Executive Officers of Oil-Dri		12
PART II		
Item 5:	Market for Registrant's Common Equity and Related Stockholder Matters	13
Item 6:	Selected Financial Data	14 - 15
Item 7:	Management Discussion and Analysis of Financial Condition and the Results of Operations	16 - 23
Item 7a:	Quantitative and Qualitative Disclosures About Market Risk	24
Item 8:	Financial Statements and Supplementary Data	25 - 51
Item 9:	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	52
Report of Independent Auditors		52
PART III		
Item 10:	Directors and Executive Officers of Oil-Dri	53
Item 11:	Executive Compensation	53
Item 12:	Security Ownership of Certain Beneficial Owners and Management	53
Item 13:	Certain Relationships and Related Transactions	54
Item 14:	Controls and Procedures	54
PART IV		
Item 15:	Exhibits, Financial Statement Schedules, and Reports on Form 8-K	55 - 59
Signatures		60 - 61
Report of Independent Auditors on Financial Statement Schedule		62
Schedule II -- Valuation and Qualifying Accounts		63
Exhibit Index		64

PART I

Item 1. Business

Oil-Dri Corporation of America was incorporated in 1969 in Delaware as the successor to an Illinois corporation incorporated in 1946; the Illinois corporation was the successor to a partnership that commenced business in 1941. Except as otherwise indicated herein or as the context otherwise requires, references herein to "Oil-Dri" or to the "Company" are to Oil-Dri Corporation of America and its subsidiaries. Oil-Dri is a leader in developing, manufacturing and marketing sorbent products and related services for the consumer, specialty, crop production and horticultural and industrial and automotive markets. Oil-Dri also manufacturers and sells dog treats, which are part of its consumer products business. Oil-Dri's sorbent products are principally produced from clay minerals and, to a lesser extent, other sorbent materials. Consumer products, consisting primarily of cat litter, are sold through the grocery products industry, mass merchandisers, warehouse clubs, and pet retail outlets. Specialty products, consisting primarily of bleaching, filtration and clarification clays, are sold to processors and refiners of edible and petroleum-based oils. Crop production and horticultural products, which include carriers for crop protection chemicals and fertilizers, drying agents, soil conditioners, sports field products, pellet binders for animal feeds and flowability aids, are sold to manufacturers of agricultural chemicals and distributors of other agricultural and sports turf products. Industrial and automotive products, consisting primarily of oil, grease and water sorbents (both clay and non-clay), are sold to distributors of industrial cleanup and automotive products, environmental service companies and retail outlets.

Oil-Dri's sorbent technologies include absorbent and adsorbent products. Absorbents, like sponges, draw liquids up into their many pores. Examples of Oil-Dri's absorbent clay products are Cats Pride® and Jonny Cat® Premium cat litter and other cat litters, Oil-Dri All Purpose® floor absorbent and other floor absorbents and Agsorb® granular agricultural chemical carriers.

Adsorbent products attract liquids, impurities, metals and surfactants to themselves and form low-level chemical bonds. Oil-Dri's adsorbents are used for cleanup and filtration mediums. Oil-Dri's adsorbent products include Oil-Dri Lites™ sorbents for industrial cleanup, Pure-Flo®, Pure-Flo® Supreme, Perform™ and Select™ bleaching clays for edible oils, fats and tallows, and Ultra-Clear® clarification aids for petroleum-based oils and by-products.

Oil-Dri has pursued a strategy of developing products for consumer, specialty, crop protection, horticultural, and industrial and automotive uses, where Oil-Dri's marketing, manufacturing and research and development capabilities can play important roles. Oil-Dri's products are sold through its specialized divisional sales staffs supported by technical service representatives and a network of industrial distributors and food brokers. Oil-Dri maintains its own research and development facility and staff.

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

Consumer Products Group

Oil-Dri's cat litter products, in both coarse granular and fine granular clumping (scoopable) forms, are sold under Oil-Dri's Cat's Pride®, Jonny Cat® and Lasting Pride® brand names, the Fresh Step® brand manufactured for Clorox ("Clorox"), and private label cat litters manufactured for mass merchandisers, wholesale clubs, drugstore chains, pet superstores and retail grocery stores. Oil-Dri also packages and markets Cat's Pride® Kat Kit® cat litter in a disposable tray. These products are sold through independent food brokers and Oil-Dri's sales force to major outlets such as Wal-Mart, Publix, Kroger, Stop and Shop and others.

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

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

Oil-Dri has several long-term supply agreements under which it manufactures branded traditional litters for other marketers. Under these co-manufacturing relationships, the marketer controls all aspects of sales, marketing, distribution and the odor control formula; the Company is responsible for manufacturing. Oil-Dri and Clorox have had such an arrangement under which they developed Fresh Step® premium-priced cat litter products and under which Oil-Dri has an exclusive right to supply Clorox's requirements for Fresh Step® coarse cat litter up to certain levels. During fiscal year 2001, the Company signed a new long-term agreement with Clorox, such that the Company will continue to supply Clorox with this product.

On December 13, 2002, the Company completed the purchase, for $6,000,000 in cash of assets related to the Jonny Cat® brand of cat litter (the "Purchase") from a wholly owned subsidiary of Clorox. The Company also spent approximately $652,000 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. See Note 5, in the Notes to the Consolidated Financial Statements for a discussion of the Purchase.

On July 17, 2003, the Company announced a reorganization of service for its customers in the Pacific Northwest. On July 31, 2003, the Company closed its Christmas Valley, Ore., facility and transferred existing customers to its newly acquired plant in Taft, California and other Oil-Dri facilities. See Note 2 in the Notes to the Consolidated Financial Statements for a discussion of the closure of the Christmas Valley plant.

In fiscal 1998, Oil-Dri purchased Salubrious, Inc., a manufacturer of dog biscuits, which was subsequently renamed Phoebe Products Co. During fiscal 2003 most of the Phoebe Products sales were made in the high-end private label market.

Specialty Products Group

Specialty products include Pure-Flo® and Pure-Flo® Supreme bleaching clays and Ultra-Clear® clarification aids. These products are supported by a team of technical sales and support representatives employed by the Company as well as agent representatives and the services of Oil-Dri's research and development group. The products are marketed in the United States and international markets.

Pure-Flo® bleaching clays, used in the bleaching of edible oils, remove impurities and color bodies from these oils. The primary customers for these products are refiners of food oils. Ultra-Clear® clarification aids are used as filtration and purification mediums for jet fuel and other petroleum-based oils. These products adsorb unwanted moisture and other impurities, and are primarily sold to oil refiners.

Oil-Dri also produces Perform™ and Select™ bleaching clays, which offer performance advantages to refiners. The Perform™ products provide increased activity for hard-to-bleach oils. The Select™ line of products is used earlier in the process stream to remove a variety of impurities from edible oils. Select™ bleaching clays can also be used to significantly improve the refining of edible oils. Other products include Pel-Unite Plus™ and Conditionade® pelleting aids used in the manufacturing of animal feeds and Poultry Guard® litter amendments used in controlling ammonia levels in commercial poultry houses.

Crop Production and Horticultural Products Group

Oil-Dri produces and markets a wide range of granular and powdered mineral absorbent products that are used with crop protection chemicals, agricultural drying agents, bulk processing aids, growing media, turf fertilizers and sports field products. Brands include Agsorb® agricultural chemical carriers and drying agents; Flo-Fre®, a highly absorbent microgranule flowability aid; Terra-Green® growing media supplement; and Soilmaster® sports field conditioner.

Agsorb® carriers are used as a delivery system for crop protection chemicals, including herbicides, fungicides, insecticides, and fertilizers. Agsorb® customized carriers are designed to reduce dust and to facilitate accuracy of application. Oil-Dri's Agsorb® drying agent is used to prevent clogging in specialized farm machinery and enables farmers to evenly apply granular fertilizers and liquid pesticides to their fields in one application. Oil-Dri has also developed the Agsorb® product as a blending agent for fertilizers and chemicals used in the lawn and garden market.

Agricultural products are marketed in the United States by technical salesmen employed by the Company who sell to crop protection chemical manufacturers, feed producers and lawn and garden manufacturers. Oil-Dri's principal customers for these products include the agricultural groups of Monsanto, DowElanco, Syngenta and Bayer.

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

Industrial and Automotive Products Group

Products for industrial applications include Oil-Dri's oil, grease and water sorbents, which are cost effective floor maintenance products that provide a non-slip and nonflammable surface for workers. These products are sold through a wide range of distribution channels and have achieved a high level of brand name recognition. Oil-Dri distributes clay-based sorbents sold in granular form and in other configurations such as "socks". Oil-Dri also distributes polypropylene sorbents in various forms such as pads and rolls.

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

Oil-Dri also produces for the consumer market Oil-Dri® Automotive, a floor absorbent for home and garage use. This product is sold through automobile parts distributors and mass merchandisers.

Patents

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

Foreign

Favorite Products Company, Ltd. (d.b.a. Oil-Dri Canada) is a manufacturer and marketer of branded and private label cat litter in the Canadian market place. Among its branded products are Saular®, a leading cat litter brand in Canada; and Saular® Kat-Kit™, a disposable cat litter tray and litter combination. Certain of the products sold in Canada are blends of clay and synthetic sorbent materials.

Oil-Dri's wholly owned subsidiary in England, Oil-Dri (U.K.), Ltd., packages clay granules produced by Oil-Dri's domestic manufacturing facilities and, for certain applications, blends a synthetic sorbent material which it

manufactures locally. Oil-Dri (U.K.), Ltd. markets these products, primarily in the United Kingdom, as an oil and grease absorbent and as a cat litter.

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

The Company's foreign operations are subject to the normal risks of doing business overseas, such as currency devaluations and fluctuations, restrictions on the transfer of funds and import/export duties. Oil-Dri was not materially impacted by these foreign currency fluctuations in any of its last three fiscal years.

Backlog; Seasonality

At July 31, 2003, 2002 and 2001, Oil-Dri's backlog of orders was approximately $4,277,000, $2,448,000, and $2,088,000 respectively. Oil-Dri does not consider its clay sorbent business, taken as a whole, to be seasonal to any material extent. However, certain business activities of certain customers (such as agricultural) are subject to such factors as crop acreage planted and product formulation cycles.

Customers

Sales to Wal-Mart Stores, Inc. accounted for approximately 19%, 22% and 21% of Oil-Dri's net sales for the fiscal year ended July 31, 2003, 2002 and 2001 respectively. Sales to Clorox accounted for approximately 9%, 10% and 8% of Oil-Dri's net sales for the fiscal year ended July 31, 2003, 2002 and 2001 respectively. Clorox and Oil-Dri are parties to a long-term supply contract. The loss of any other of Oil-Dri's customers would not have a materially adverse effect on Oil-Dri.

Competition

Oil-Dri has approximately six principal competitors in the United States, some of which have substantially greater financial resources than the Company, which compete with Oil-Dri in certain markets and with respect to certain products. Price, service and technical support, product quality and delivery are the principal methods of competition in Oil-Dri's markets and competition has historically been very vigorous.

Reserves

Oil-Dri mines sorbent materials, consisting of either montmorillonite, attapulgite or diatomaceous earth on leased or owned land near its manufacturing facilities in Mississippi, Georgia, Illinois and California; it also has reserves in Nevada, Oregon and Tennessee (see "Item 2 Properties" below). Oil-Dri estimates that its proven recoverable reserves of these sorbent materials aggregate approximately 466,272,000 tons. Based on its rate of consumption during the 2003 fiscal year, without regard to reserves in Nevada and Oregon, Oil-Dri considers its proven recoverable reserves adequate to supply Oil-Dri's needs for over 40 years. It is Oil-Dri's policy to attempt to add to reserves in most years, but not necessarily in every year, an amount at least equal to the amount of reserves consumed in that year. Oil-Dri has a program of exploration for additional reserves and, although reserves have been acquired, Oil-Dri cannot assure that additional reserves will continue to become available. Oil-Dri's use of these reserves will be subject to compliance with existing and future federal and state statutes and regulations regarding mining and environmental compliance. Also, requirements for environmental compliance may restrict exploration or use of lands that might otherwise be utilized as a source of reserves. During the fiscal year ended July 31, 2003, Oil-Dri utilized these reserves to produce substantially all of the sorbent minerals that it sold.

Included in the calculations above are approximately 6,175,000 tons of proven mineral reserves on approximately 1,825 acres, which were acquired in the Purchase. The calculations exclude approximately 15,000 tons of proven reserves in Oregon, which are associated with the Company's now-closed Christmas Valley facility.

In 1997, Oil-Dri acquired rights to mineral reserves on approximately 5,827 acres in Washoe County, Nevada. This acreage is in addition to approximately 415 acres acquired in 1991 in the same county. Oil-Dri estimates that there are approximately 307,000,000 tons of proven reserves of sorbent materials on the combined acreage. Mining

and processing these reserves, however, require the approval of federal, state and local agencies. The calculations above exclude all of these reserves.

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

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

Mining Operations

Oil-Dri has conducted mining operations in Ripley, Mississippi since 1963; in Ochlocknee, Georgia since 1971; in Blue Mountain, Mississippi since 1989; in Mounds, Illinois since 1998 and in Taft, California since 2002.

Oil-Dri's raw materials are surface mined on a year-round basis, generally using large earth moving scrapers, bulldozers, excavators or off-road tucks to remove overburden, and then loaded into dump trucks with backhoe or front end loader for movement to the processing facilities. The mining and hauling of Oil-Dri's clay is performed by Oil-Dri and by independent contractors.

Oil-Dri's current operating mines range in distance from immediately adjacent to approximately 12 miles from the related processing plants. Access to processing facilities from the mining areas is generally by private road, and in some instances public highways are utilized.

Each of Oil-Dri's processing facilities maintains inventories of unprocessed clay of approximately one week of production requirements.

The following schedule summarizes, for each of Oil-Dri's manufacturing facilities, the net book value of land and other plant and equipment:

	Land (in thousands)	Plant and Equipment (in thousands)
Ochlocknee, Georgia	$ 2,265	$ 11,737
Ripley, Mississippi	$ 1,522	$ 7,614
Mounds, Illinois	$ 325	$ 7,199
Blue Mountain, Mississippi	$ 952	$ 4,772
Taft, California	$ 1,219	$ 3,088

Employees

As of July 31, 2003, Oil-Dri employed 840 persons, 72 of who were employed by Oil-Dri's foreign subsidiaries. Oil-Dri's corporate offices, research and development center and manufacturing facilities are adequately staffed and no material labor shortages are anticipated. Approximately 50 of Oil-Dri's employees in the U.S. and approximately 25 of Oil-Dri's employees in Canada are represented by labor unions, which have entered into separate collective bargaining agreements with the Company. Employee relations are considered satisfactory.

Environmental Compliance

Oil-Dri's mining and manufacturing operations and facilities in Georgia, Mississippi, Oregon, California and Illinois are required to comply with state surface mining statutes and various federal, state and local statutes, regulations and ordinances which govern the discharge of materials, water and waste into the environment and restrict mining on wetlands or otherwise regulate Oil-Dri's operations. In recent years, environmental regulation has grown increasingly stringent, a trend that Oil-Dri expects will continue. Oil-Dri endeavors to be in substantial compliance at all times with all applicable environmental controls and regulations. As a result, expenditures relating to environmental compliance have increased over the years; however, these expenditures have not been material. Oil-Dri continues, and will continue, to incur costs in connection with reclaiming exhausted mining sites. The costs of reclamation have not had a material effect on its mining costs. These costs are treated as part of Oil-Dri's mining expense.

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

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

Energy

Oil-Dri uses coal, natural gas and recycled fuel oil as permitted for energy sources in the processing of its clay products. Consistent with prior years, Oil-Dri has switched from natural gas to other energy sources during certain months due to seasonal unavailability and the higher cost of natural gas relative to other fuels. See Item 7a. "Quantitative and Qualitative Disclosures About Market Risk" with respect to the use of forward contracts.

Research and Development

At Oil-Dri's research and development facility, the staff develops new products and applications and improves existing products. The staff and various consultants consist of geologists, mineralogists and chemists. In the past several years, Oil-Dri's research efforts have resulted in a number of new sorbent products and processes. The facility produces prototype samples and tests new products for customer trial and evaluation.

Oil-Dri spent approximately $1,923,000, $1,955,000 and $1,953,000 during its fiscal years ended July 31, 2003, 2002 and 2001, respectively, for research and development. None of such research and development was customer sponsored, and all research and development costs are expensed in the year in which incurred. See Note 1, in the Notes to the Consolidated Financial Statements.

Item 2. Properties

Oil-Dri's properties are generally described below:

Land Holdings & Mineral Reserves

	Land Owned (acres)	Land Leased (acres)	Land Unpatented Claims (acres)	Total (acres)	Proven Reserves (000s of tons)	Probable Reserves (000s of tons)	Total (000s of tons)
California	795	--	1,030	1,825	6,175	11,226	17,401
Georgia	1,884	1,639	--	3,523	28,354	11,547	39,901
Illinois	161	598	--	759	8,872	5,292	14,164
Mississippi	2,182	978	--	3,160	113,026	115,043	228,069
Nevada	535	--	5,827	6,362	306,830	248,874	555,704
Oregon	400	--	80	480	15	279	294
Tennessee	178	--	--	178	3,000	3,000	6,000
	6,135	3,215	6,937	16,287	466,272	395,261	861,533

See also "Item 1. Business—Reserves"

There are no mortgages on the real property owned by Oil-Dri. The Mississippi, Georgia, Oregon, Tennessee, Nevada, California and Illinois properties are primarily mineral in nature. Parcels of such land are also sites of manufacturing facilities operated by Oil-Dri. The Illinois land also includes the site of Oil-Dri's research and development facility. Oil-Dri owns approximately one acre of land in Laval, Quebec, Canada, which is the site of the processing and packaging facility for Oil-Dri's Canadian subsidiary.

Oil-Dri's mining operations are conducted on leased or owned land. The Georgia, Illinois, and Mississippi mining leases generally require that Oil-Dri pay a minimum monthly rental to continue the lease term. The rental payments are generally applied against a stated royalty related to the number of unprocessed, or in some cases processed, tons of mineral extracted from the leased property. The Georgia and Mississippi leases generally have no stated expiration dates. The Illinois leases have expiration dates ranging from 2005 to 2053. The expiration of any of these leases would not have a material adverse effect on Oil-Dri. Manufacturing at facilities that are not contiguous with the related mines, Oil-Dri has a variety of access arrangements, some of which are styled as leases. The expiration or termination of any of these arrangements would not have a material adverse effect on the Company.

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

Oil-Dri operates manufacturing facilities at Ripley, Mississippi; Ochlocknee, Georgia; Taft, California; Blue Mountain, Mississippi and Mounds, Illinois; production and packaging plants at Laval, Quebec, Canada and Wisbech, United Kingdom; a non-clay sorbents processing and warehousing facility in Alpharetta, Georgia; and a dog biscuit manufacturing plant in Kiel, Wisconsin. Oil-Dri's facilities at Ripley, Mississippi; Ochlocknee, Georgia;

Taft, California; Mounds, Illinois; Alpharetta, Georgia; Laval, Quebec, Canada and Wisbech, United Kingdom are wholly owned by Oil-Dri and Oil-Dri's facility at Blue Mountain, Mississippi is owned in part by Oil-Dri, with the balance leased as hereinafter described. Oil-Dri is a party to leases that relate to certain plant acquisition and expansion projects at Oil-Dri's facility at Blue Mountain, Mississippi. The Blue Mountain, Mississippi lease was entered into with the Town of Blue Mountain, Mississippi in 1988 in connection with the issuance by the Town of $7,500,000 in aggregate principal amount of industrial revenue bonds ($5,000,000 of which has been subsequently retired), full payment of which is guaranteed by Oil-Dri. Upon expiration of the leases in 2008, a subsidiary of Oil-Dri has the right to purchase the leased property for $100 upon full payment of the bonds. The land on which the manufacturing facility at Wisbech, United Kingdom is located is leased pursuant to a long-term lease arrangement with the Port Authority of Wisbech, which expires in 2032. The facilities in Alpharetta, Georgia and Kiel, Wisconsin are leased.

All of Oil-Dri's domestic manufacturing facilities, whether owned or leased, consist of related steel frame, sheet steel covered or brick buildings of various heights, with concrete floors and storage tanks. The buildings occupy approximately 208,000 square feet at Ripley, Mississippi; 398,000 square feet at Ochlocknee, Georgia; 129,000 square feet at Mounds, Illinois; 135,000 square feet at Taft, California; 26,000 square feet at Alpharetta, Georgia; 16,000 square feet at Kiel, Wisconsin and 140,000 square feet at Blue Mountain, Mississippi. Oil-Dri maintains railroad siding facilities near the Ripley, Mississippi; Ochlocknee, Georgia; Blue Mountain, Mississippi; Mounds, Illinois and Laval, Quebec, Canada manufacturing facilities. Equipment at all facilities is in good condition, well maintained and adequate for current processing levels.

All of Oil-Dri's foreign facilities are owned and consist of related steel-framed, sheet steel covered or brick buildings of various heights, with concrete floors and storage tanks. The buildings occupy 22,500 square feet at Laval, Quebec, Canada and 66,850 square feet at Wisbech, United Kingdom.

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

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

Item 3. Legal Proceedings

In April 2002, the Company filed parallel actions in state and federal courts in Nevada against Washoe County, Nevada, alleging that the County's denial of a special use permit (sought by the Company in connection with its plan to build a manufacturing facility outside of Reno, Nevada) violated both federal and state law. The lawsuits seek damages resulting from the County's improper denial of the special use permit, which caused the Company to abandon its plan to build the Reno facility. The federal court action has been dismissed on jurisdictional grounds, and the state court action is now proceeding. A hearing on the liability issues in the state court action is expected to be held in fall 2003. An adverse decision in the matter would not have a material adverse effect on the Company.

The Company is involved in other ordinary routine litigation, none which is material.

Item 4. Submission of Matters to a Vote of Security Holders

Not applicable.

Item 401(b) of Regulation S-K. Executive Officers of Oil-Dri

The following table gives certain information with respect to the executive officers of Oil-Dri.

Name[1]	Principal Occupation For Last Five Years	Age
Daniel S. Jaffee[1]	President and Chief Executive Officer of Oil-Dri.	39
Eugene W. Kiesel	Vice-President of Specialty Products Group of Oil-Dri. Vice-President & General Manager of Global Fluids Purification Division from October, 1997 to January 2001.	46
Wade R. Bradley	Vice-President of Global Consumer Products of Oil-Dri; Vice-President, Industrial & Automotive Products Group from December 1998 to June 2000; General Manager, Industrial & Automotive Products Group from June 1995 to December 1998.	43
Thomas F. Cofsky[2]	Vice-President of Manufacturing and Logistics of Oil-Dri; Vice-President of Logistics, Quality & Service from February 1996 to June 1999.	42
Jeffrey M. Libert	Vice-President & Chief Financial Officer of Oil-Dri; Vice-President of Corporate Development and Planning from June 1998 to April 2000.	37
Charles P. Brissman	Vice-President, General Counsel and Secretary of Oil-Dri; Chief Counsel, Corporate Development and Asset Distribution, and Chief Litigation Counsel, Heller Financial, Inc. April 1998 to October 2002.	43
Steven M. Azzarello	Vice-President of new Product Development of Oil-Dri; Vice President of Sales and Marketing for the Americas of Oil-Dri from September 2000 to May 2002; General Sales Manager for the Americas of Oil-Dri from January 2000 to September 2000: Commercial Director, Latin America from September 1999 to January 2000; Regional Sales Manager, Specialty Products from August 1993 to September 1999.	44

The term of each executive officer expires at the 2003 annual meeting of stockholders and when his successor is elected and qualified.

---

[1] Of the persons in this table, only Daniel S. Jaffee is a director.
[2] Thomas F. Cofsky is Daniel S. Jaffee's brother-in-law.

PART II

Item 5. Market for Oil-Dri's Common Equity and Related Security Holder Matters

Information with respect to holders of Common Stock and Class B Stock is contained in Note 7, in the Notes to the Consolidated Financial Statements incorporated herein by reference.

Information concerning stock prices and dividends with regard to the Common Stock of Oil-Dri, which is traded on the New York Stock Exchange, and information concerning dividends with regard to the Class B Stock of Oil-Dri, for which there is no established public trading market, is contained in Note 16, in the Notes to the Consolidated Financial Statements, incorporated herein by reference. No shares of Class A common stock are outstanding. Oil-Dri's 1993 Note Agreement with Teachers Insurance and Annuity Association and Connecticut General Life Insurance Company and Oil-Dri's Credit Agreement with Harris Trust and Savings Bank dated January 29, 1999 require that certain minimum net worth and tangible net worth levels are to be maintained. To the extent that these balances are not attained, Oil-Dri's ability to pay dividends may be impaired. See Note 4, in the Notes to the Consolidated Financial Statements, incorporated herein by reference.

Item 6. Selected Financial Data

Ten Year Summary of Financial Data

	2003	2002	2001	2000
	(in thousands except for per share amounts)			
Summary of Operations				
Net Sales	**$ 173,041**	$ 162,345	$160,669	$ 164,044
Cost of Sales	**137,413**	131,265	131,804	127,434
Gross Profit	**35,628**	31,080	28,865	36,610
Other Contractual Income & Non-Recurring Fees	**675**	--	4,278	--
Loss on Impaired Long-Lived Assets	**--**	(3,213)	--	--
Selling, General and Administrative Expenses	**(29,686)**	(27,878)	(28,977)	(29,617)
Restructuring and Special Charges	**--**	--	--	(1,239)
Income (Loss) from Operations	**6,617**	(11)	4,166	5,754
Other Income (Expense)				
Interest Income	**216**	295	235	206
Interest Expense	**(2,361)**	(2,575)	(2,916)	(3,185)
Foreign Exchange Gains (Losses)	**22**	(133)	(228)	(173)
Gain on the Sale of Mineral Rights	**139**	769	--	--
Other, Net	**(291)**	96	212	446
Total Other Expense, Net	**(2,275)**	(1,548)	(2,697)	(2,706)
Income (Loss) before Income Taxes	**4,342**	(1,559)	1,469	3,048
Income Taxes (Benefit)	**1,259**	(465)	556	821
Net Income (Loss)	**$ 3,083**	$ (1,094)	$ 913	$ 2,227
Average Shares Outstanding				
Basic	**5,574**	5,614	5,613	5,647
Diluted	**5,708**	5,614	5,613	5,677
Net Income (Loss) Income per Share				
Basic	**$ 0.55**	$ (0.19)	$ 0.16	$ 0.39
Diluted	**$ 0.54**	$ (0.19)	$ 0.16	$ 0.39
Important Highlights				
Total Assets	**$ 126,823**	$ 125,035	$130,524	$ 132,844
Long-Term Debt	**$ 27,400**	$ 31,400	$ 34,256	$ 39,434
Working Capital	**$ 35,396**	$ 37,652	$ 36,100	$ 38,875
Working Capital Ratio	**2.4**	2.9	2.8	3.6
Book Value per Share	**$ 12.38**	$ 12.30	$ 12.80	$ 13.01
Dividends Declared	**$ 1,883**	$ 1,894	$ 1,892	$ 1,900
Capital Expenditures	**$ 4,882**	$ 4,096	$ 5,609	$ 6,001
Depreciation and Amortization	**$ 8,534**	$ 8,785	$ 9,089	$ 9,099
Net (Loss) Income as a Percent of Sales	**1.8%**	(0.7%)	0.6%	1.4%
Return on Average Stockholders' Equity	**4.5%**	(1.6%)	1.3%	3.0%
Gross Profit as a Percent of Net Sales	**20.6%**	19.1%	18.0%	22.3%
Operating Expenses as a Percent of Net Sales	**16.8%**	19.2%	15.4%	18.8%

Year Ended July 31					
1999	**1998**	**1997**	**1996**	**1995**	**1994**
$ 163,888	$ 152,194	$ 148,895	$ 144,210	$ 148,861	$ 146,147
121,230	111,990	109,906	108,997	109,288	103,457
42,658	40,204	38,989	35,213	39,573	42,690
--	--	--	--	--	--
--	--	--	--	--	--
(30,907)	(28,646)	(28,320)	(28,309)	(26,863)	(28,394)
--	(3,129)	--	(921)	--	--
11,751	8,429	10,669	5,983	12,710	14,296
480	491	637	587	448	441
(3,185)	(2,049)	(1,775)	(1,917)	(1,921)	(1,752)
(124)	(146)	--	(7)	(5)	3
--	--	--	--	--	--
1,114	(119)	(17)	137	(84)	171
(1,715)	(1,823)	(1,155)	(1,200)	(1,562)	(1,137)
10,036	6,606	9,514	4,783	11,148	13,159
2,860	1,883	2,721	1,409	3,145	3,307
$ 7,176	$ 4,723	$ 6,793	$ 3,374	$ 8,003	$ 9,852
5,827	6,125	6,596	6,806	6,932	6,990
5,996	6,165	6,599	6,807	6,936	7,011
$ 1.23	$ 0.77	$ 1.03	$ 0.50	$ 1.15	$ 1.41
$ 1.20	$ 0.77	$ 1.03	$ 0.50	$ 1.15	$ 1.41
$ 133,750	$ 134,215	$ 114,558	$ 117,693	$ 116,988	$ 112,267
$ 38,150	$ 39,976	$ 17,052	$ 18,978	$ 20,422	$ 21,521
$ 37,141	$ 36,283	$ 31,165	$ 30,399	$ 33,074	$ 29,337
3.3	3.1	3.0	2.7	3.1	3.0
$ 13.00	$ 12.15	$ 12.03	$ 11.46	$ 11.35	$ 10.51
$ 1,904	$ 1,808	$ 1,936	$ 2,022	$ 2,047	$ 1,807
$ 8,495	$ 6,496	$ 5,395	$ 7,184	$ 7,032	$ 13,559
$ 8,497	$ 7,832	$ 7,587	$ 7,926	$ 7,808	$ 6,798
4.4%	3.1%	4.6%	2.3%	5.4%	6.7%
9.8%	6.3%	8.8%	4.3%	10.6%	14.1%
26.0%	26.4%	26.2%	24.4%	26.6%	29.2%
18.9%	20.9%	19.0%	20.3%	18.0%	19.4%

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations
Fiscal 2003 Compared to Fiscal 2002

Consolidated net sales for the year ended July 31, 2003 were $173,041,000, an increase of 6.6% from net sales of $162,345,000 in fiscal 2002. Net income for the year was $3,083,000, an increase of $4,177,000 compared to the loss reported in fiscal 2002 of $1,094,000. Basic income per share was $0.55 and fully diluted income per share was $0.54 in fiscal 2003, versus a basic and diluted loss per share of $0.19 in fiscal 2002. The 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 write-off associated with the closure of the Christmas Valley, Oregon production facility in the fourth quarter of $573,000, a pre-tax asset write-off of $385,000 and a pre-tax goodwill write-off of $350,000 related to the Company's equity investment in Kamterter. The fiscal 2002 loss was driven by a $3,213,000 pre-tax write-off associated with a loss on impaired long-lived assets. Partially offsetting this loss was a $937,000 pre-tax gain on the sales of land and mineral rights. See Note 2 in the Notes to the Consolidated Financial Statements for a discussion of the loss on impaired long-lived assets; the gains on the sale of land and mineral rights, the other contractual income and the 2003 closure and write-off of the Christmas Valley production plant.

Net sales of the Consumer Products Group for fiscal 2003 were $105,108,000, an increase of 4.0% from net sales of $101,042,000 in fiscal 2002. This segment's operating income increased 31.1% from $10,175,000 in fiscal 2002 to $13,343,000 in fiscal 2003. The net sales increase was driven by the addition of the Jonny Cat® product line, which also positively contributed to the segment's profit through increased gross profit dollars. The sales increase was partially offset 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 expenses related to the addition of the Jonny Cat product line and subsequent marketing investments caused the segment's operating expenses to increase, but that increase was more than offset by the gross profit increase. The marketing investments associated with the line are intended to stabilize the base Jonny Cat business and provide a platform for future growth.

Net sales of the Specialty Products Group for fiscal 2003 were $24,990,000, an increase of 2.0% from net sales of $24,499,000 in fiscal 2002. This segment's operating income increased 15.1% from $4,280,000 in fiscal 2002 to $4,927,000 in fiscal 2003. The profit increase was driven by improved sales of PelUnite® and PelUnite Plus™ animal feed binding agents and by improved pricing from the bleaching earth products due to changes in the geographical sales mix.

Net sales of the Crop Production and Horticultural Products Group for fiscal 2003 were $21,820,000, an increase of 27.2% from net sales of $17,154,000 in fiscal 2002. The net sales increase resulted primarily from increased sales of Agsorb® drying agents and agricultural carriers, and increased sales of Pro's Choice® sports field products. The agricultural carriers business has seen increased sales due to the spread of rotation resistant corn rootworm beetles. The sports field products have seen strong growth in the golf course market place. This segment's operating income increased by 11.2% from $2,350,000 in fiscal 2002 to $2,614,000 in 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 fiscal 2003 were $21,123,000, an increase of 7.5% from net sales of $19,650,000 in fiscal 2002. This segment's operating income decreased from a profit of $18,000 in fiscal 2002 to a loss of $826,000 in fiscal 2003. The loss was driven by higher manufacturing processing labor and expenses. Also, the fuel price increase seen in the second half of fiscal 2003 negatively impacted the income of this segment.

Consolidated gross profit as a percentage of net sales for fiscal 2003 increased to 20.6% from 19.1% in fiscal 2002. A favorable sales mix led by the acquired Jonny Cat product line in the Consumer Products Group, improved sales of PelUnite Plus and price increases in the Specialty Product Group, increased sales of 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 4% as compared to fiscal 2002. While fuel was down for the year, rate increases in the second half of the year drove the overall expenses to be down only 4% compared to fiscal 2002.

The Christmas Valley closure negatively impacted the overall gross profit. Approximately $484,000 of the $573,000 write-off was reflected in cost of goods sold. This adjustment reduced the gross profit percentage from 20.9% for the year, down to the final reported level of 20.6%. The remaining $89,000 of the write-off was reported as part of other income and expense.

Operating expenses as a percentage of net sales for fiscal 2003 decreased to 16.8% from the 19.2% reported in fiscal 2002. Excluding the other contractual income in 2003 and the loss on impaired assets in 2002, operating expenses for 2003 would have remained flat at 17.2% for both years. A good portion of the absolute dollar value increase in operating expenses in 2003 was experienced in an effort to support the new Jonny Cat product line. The increased sales from this line offset the dollar value increase in expense and therefore led to the consistent expense ratio between the two years, after the contractual income and loss on impaired asset are excluded.

Interest expense and interest income for fiscal 2003 decreased 5.9% from fiscal 2002 due to the reduction in debt.

The Company's effective tax rate was 29.0% of pre-tax income in fiscal 2003 versus 29.8% in fiscal 2002. The effective tax rate was consistent between the years.

Total assets of the Company increased $1,788,000 or 1.4% during fiscal 2003. Current assets increased $3,086,000 or 5.4% from the fiscal 2002 year-end balances, primarily due to increases in accounts receivable, current deferred income taxes and inventory. The accounts receivable increase was related to the improved sales in the fourth quarter. Quarterly sales were up $5,449,000 or 13.9% from the fourth quarter of fiscal 2002. Offsetting some of the increase were decreases in other receivables and prepaid overburden expense. Other receivables decreased due to a change from taxes receivable to taxes payable driven by the profitability of the Company. The prepaid overburden account was reduced by the extra overburden amortization that was incurred in fiscal 2003. See Note 2 in the Notes to the Consolidated Financial Statements for a discussion of this issue.

Cash, cash equivalents and investments increased 2.7%, or $434,000, from fiscal 2002 despite the fact that the Company spent over $6,000,000 in cash to consummate the Purchase from a wholly owned subsidiary of Clorox. Positive operating cash flows drove the combined cash and investments in treasury securities balances to a higher level than reported for fiscal 2002.

Property, plant and equipment, net of accumulated depreciation increased $404,000, or 0.8%, from the year-end balance in fiscal 2002. The increase in property, plant and equipment associated with the Purchase and other normal capital investments were substantially offset by normal depreciation expense on the Company's pre-existing fixed asset base and the Christmas Valley, Oregon write-off. See Note 2 in the Notes to the Consolidated Financial Statements.

Total liabilities increased $1,845,000, or 3.3%, during fiscal 2003. Current liabilities increased $5,342,000 or 26.9% during fiscal 2003, as a result of increases in current maturities of notes payable, accounts payable, freight payables, accrued trade promotions, and salaries, wages and commissions payable. The increased business activity in the fourth quarter helped drive increases in several of the payable balances. Long-term debt decreases $2,850,000 due to principal payments.

Expectations

The Company believes that sales for fiscal 2004 should show a four to seven percent increase over those reported in fiscal 2003. The sales from the Jonny Cat line of products should help to drive this projected increase in sales. However, the inability to predict potential rate increases in natural gas and other fuel sources causes the Company to be cautiously optimistic about the results for fiscal 2004. The Company expects to build on the progress seen in fiscal 2003 and therefore is projecting earnings in the range of $0.70 to $0.85 per fully diluted share for fiscal 2004.

Liquidity and Capital Resources

Working capital decreased $2,256,000 during fiscal 2003 to $35,396,000, primarily due to a reduction of other receivables and prepaid overburden removal expense and increased current notes payable, accounts payable, accrued trade promotions and salaries, wages and commissions payables. This decrease was offset partially by increased accounts receivables, inventories and cash, cash equivalents and investments in treasury securities.

Cash provided by operating activities was used to fund capital expenditures of $4,882,000, the Purchase of $6,652,000, payments on long-term debt of $2,850,000, repurchases of Treasury Stock of $1,508,000 and dividend payments of $1,883,000. Total cash and investment balances held by the Company's foreign subsidiaries at July 31, 2003 and July 31, 2002 were $2,557,000 and $2,187,000, respectively.

Accounts receivable, less allowance for doubtful accounts, increased 11.0%, or $2,350,000 for fiscal 2003, due to the strong fourth quarter sales discussed previously. During fiscal 2003 the Company experienced a slight decrease in bad debts expense, from the $409,000 in fiscal 2002 to $387,000 in fiscal 2003. 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 1.4% and 1.3% of the Company's outstanding receivables at July 31, 2003 and 2002 respectively.

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 4, in the Notes to the Consolidated Financial Statements for a discussion of this amendment.

The table listed on the following page summarizes the Company's contractual obligations and commercial commitments at July 31, 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	$ 31,400,000	$ 4,000,000	$7,160,000	$8,160,000	$ 12,080,000
Operating Leases	14,601,000	2,321,000	2,625,000	2,182,000	7,473,000
Unconditional Purchase Obligations	2,434,000	2,434,000	--	--	--
Total Contractual Cash Obligations	$ 48,435,000	$ 8,755,000	$ 9,785,000	$ 10,342,000	$ 19,553,000

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	4,848,000	4,848,000	--	--	--
Total Commercial Commitments	$ 7,811,000	$ 7,811,000	$ --	$ --	$ --

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 July 31, 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.

Results of Operations
Fiscal 2002 Compared to Fiscal 2001

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

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

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

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

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

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

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

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

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

The Company's effective tax rate was 29.8 % of income before tax in fiscal 2002 and 37.9% in fiscal 2001. See Note 6, in the Notes to the Consolidated Financial Statements for the principal reasons for the decrease.

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

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

Significant Accounting Policies

Management's discussion and analysis of the financial condition and results of operations are based upon the Company's consolidated financial statements, which have been prepared in accordance with the generally accepted accounting principles of the U.S. The Company annually reviews its financial reporting and disclosure practices and accounting policies to ensure that its financial reporting and disclosures provides accurate and transparent information relative to the current economic and business environment. The Company believes that of its significant accounting policies stated in Note 1, of the Notes to the Consolidated Financial Statements the policies listed below involve a higher degree of judgment and/or complexity. The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, as well as the reported amounts of revenues and expenses during the reporting period. Significant estimates included inventory reserves, allowance for doubtful accounts and the amount of prepaid overburden. Actual results could differ from these estimates.

Revenue Recognition. Under the terms of its sales agreements with customers, the Company recognizes revenue when title is transferred upon product shipments. Upon shipment an invoice is generated that sets the fixed and determinable price. Sales returns and allowances, which have historically not been material, are reviewed to determine if any additional reserve is necessary. Sales returns and allowances are not material due to the nature of the Company's business.

Inventories. Inventories are valued at the lower of cost (first-in, first-out) or market. Inventory costs include the cost of raw materials, packaging supplies, labor and other overhead costs. The Company performs a detailed review of its inventory items to determine if an obsolescence reserve adjustment is necessary. The review not only considers specific items, but also takes into consideration the overall value of the inventory as of the balance sheet date. The Company recorded additional inventory obsolescence reserves of approximately $441,000, $275,000 and $100,000 in the years 2003, 2002 and 2001 respectively.

Prepaid Overburden Removal and Mining Costs. 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. The Company had $2,492,000 and $3,678,000 of prepaid expense recorded on its consolidated balance sheet, as of July 31, 2003 and July 31, 2002, respectively. The Company amortized to current expense approximately $3,552,000 of previously recorded prepaid expense in fiscal 2003, $3,918,000 in fiscal 2002 and $2,497,000 in fiscal 2001.

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.

Recently Issued Accounting Standards

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." In June 2000, the FASB issued SFAS No. 138, "Accounting for Derivative Instruments and Certain Hedging Activities, an Amendment of SFAS No. 133," 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. 142, "Goodwill and Other Intangible Assets" effective for fiscal years beginning after December 15, 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 outside appraiser's evaluations. Based upon management's review, no impairment adjustment was required for fiscal 2003.

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 during fiscal 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 June of 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," effective for exit or disposal activities that are initiated after December 31, 2002. This statement addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task force (EITF) Issue No. 94-3. Under the new rules, the liability for a cost associated with an exit or disposal activity can be recognized and measured at its fair value only when the liability is incurred. The Company adopted SFAS No. 146, and utilized the new guidance in conjunction with the closure of the Christmas Valley, Oregon production plant.

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 in fiscal 2003.

Foreign Operations

Net sales by the Company's foreign subsidiaries during fiscal 2003 were $11,400,000 or 6.6% of total Company sales. This represents an increase of 6.0% from fiscal 2002, in which foreign subsidiary sales were $10,754,000 or 6.6% 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 positively impact their results. For fiscal 2003, the foreign subsidiaries reported a gain of $281,000, an improvement of $188,000 from the $93,000 gain reported in 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 July 31, 2003 were $9,737,000 compared to $9,542,000 as of July 31, 2002.

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

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 7a. 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 July 31, 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 has contracted for a portion of its fuel needs for fiscal 2004 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 59% higher than the contracts for fiscal 2003. These contracts were entered into during the normal course of business and 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, 2004. The Fair Value was determined using the "Most Recent Settle" price for the "Henry Hub Natural Gas" option contract prices as listed by the New York Mercantile Exchange on September 29, 2003.

Commodity Price Sensitivity
Natural Gas Future Contracts
For the Year Ending July 31, 2004

	Expected 2004 Maturity	Fair Value
Natural Gas Future Volumes (MMBtu's)	390,000	
Weighted Average Price (Per MMBtu)	$6.07	
Contract Amount ($ U.S., in thousands)	$2,370.5	$1,995.6

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 2004 financial results are difficult to make due to the inherent uncertainty of future fluctuations in option contract prices in the natural gas options market. See Note 1, in the Notes to the Consolidated Financial Statements, New Accounting Standards.

Item 8. Financial Statements and Supplementary Data

CONSOLIDATED BALANCE SHEETS

ASSETS	July 31, 2003	July 31, 2002
	(in thousands of dollars)	
Current Assets		
Cash and cash equivalents	**$ 4,753**	$ 7,154
Investment in treasury securities	**11,917**	9,082
Accounts receivable, less allowance of $441 in 2003 and $392 in 2002	**23,765**	21,415
Other receivables	**3**	1,025
Inventories	**12,819**	11,798
Prepaid overburden removal expense	**2,492**	3,678
Prepaid expenses and other assets	**4,881**	3,392
Total Current Assets	**60,630**	57,544
Property, Plant and Equipment, at Cost		
Buildings and leasehold improvements	**21,928**	22,008
Machinery and equipment	**93,078**	91,943
Office furniture and equipment	**10,137**	9,930
Vehicles	**4,739**	4,511
	129,882	128,392
Less accumulated depreciation and amortization	**(92,250)**	(88,684)
	37,632	39,708
Construction in progress	**2,563**	1,797
Land	**8,831**	7,117
Total Property, Plant and Equipment, Net	**49,026**	48,622
Other Assets		
Goodwill	**5,115**	5,430
Intangibles (Net of accumulated amortization of $2,474 in 2003 and $1,982 in 2002)	**3,869**	3,958
Deferred income taxes	**2,617**	3,972
Other	**5,566**	5,509
Total Other Assets	**17,167**	18,869
Total Assets	**$ 126,823**	$ 125,035

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

LIABILITIES AND STOCKHOLDERS' EQUITY	July 31, 2003	July 31, 2002
	(in thousands of dollars)	
Current Liabilities		
Current maturities of notes payable	**$ 4,000**	$ 2,850
Accounts payable	**6,856**	5,121
Dividends payable	**461**	473
Accrued expenses		
Salaries, wages and commissions	**4,250**	3,722
Trade promotions and advertising	**4,160**	2,595
Freight	**1,089**	828
Other	**4,418**	4,303
Total Current Liabilities	**25,234**	19,892
Noncurrent Liabilities		
Notes payable	**27,400**	31,400
Deferred compensation	**3,212**	2,954
Other	**1,963**	1,718
Total Noncurrent Liabilities	**32,575**	36,072
Total Liabilities	**57,809**	55,964
Stockholders' Equity		
Common Stock, par value $.10 per share, issued 5,472,935 shares in 2003 and 5,471,685 in 2002	**547**	547
Class B Stock, par value $.10 per share, issued 1,765,083 shares in 2003 and 2002	**177**	177
Additional paid-in capital	**7,646**	7,677
Retained earnings	**88,002**	86,790
Restricted unearned stock compensation	**(37)**	(4)
Cumulative translation adjustment	**(1,082)**	(1,288)
	95,253	93,899
Less treasury stock, at cost (1,419,065 common and 342,241 Class B shares at July 31, 2003 and 1,279,700 Common and 342,241 Class B shares at July 31, 2002)	**(26,239)**	(24,828)
Total Stockholders' Equity	**69,014**	69,071
Total Liabilities and Stockholders' Equity	**$ 126,823**	$ 125,035

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

CONSOLIDATED STATEMENTS OF INCOME

	Year Ended July 31,		
	2003	2002	2001
	(in thousands, except for per share data)		
Net Sales	**$ 173,041**	$ 162,345	$ 160,669
Cost of Sales	**137,413**	131,265	131,804
Gross Profit	**35,628**	31,080	28,865
Other Contractual Income & Non-Recurring Fees	**675**	--	4,278
Loss on Impaired Long-Lived Assets	**--**	(3,213)	--
Selling, General and Administrative Expenses	**(29,686)**	(27,878)	(28,977)
Income (Loss) from Operations	**6,617**	(11)	4,166
Other Income (Expense)			
Interest income	**216**	295	235
Interest expense	**(2,361)**	(2,575)	(2,916)
Foreign exchange gain (losses)	**22**	(133)	(228)
Other investment (loss)	**(40)**	(187)	(76)
Gain on the sale of mineral rights	**139**	769	--
Other, net	**(251)**	283	288
Total Other Expense, Net	**(2,275)**	(1,548)	(2,697)
Income (Loss) Before Income Taxes	**4,342**	(1,559)	1,469
Income Taxes (Benefit)	**1,259**	(465)	556
Net Income (Loss)	**$ 3,083**	$ (1,094)	$ 913
Net Income (Loss) Per Share			
Basic	**$ 0.55**	$ (0.19)	$ 0.16
Diluted	**$ 0.54**	$ (0.19)	$ 0.16
Average Shares Outstanding			
Basic	**5,574**	5,614	5,613
Diluted	**5,708**	5,614	5,613

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

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common & Class B Stock	**Additional Paid-In Capital**	**Retained Earnings**	**Restricted Unearned Stock Compensation**	**Treasury Stock**	**Accumulated Other Comprehensive Income**	**Total Stockholders' Equity**
				(in thousands)			
Balance, July 31, 2000	$ 724	$ 7,698	$ 90,757	$ (10)	$(24,895)	$ (1,310)	$ 72,964
Net Income	--	--	913	--	--	--	913
Cumulative Translation Adjustments	--	--	--	--	--	(164)	(164)
Total Comprehensive Income							749
Dividends Declared	--	--	(1,892)	--	--	--	(1,892)
Purchases of Treasury Stock	--	--	--	--	(3)	--	(3)
Issuance of Stock Under 1995 Long-Term Incentive Plan	--	(31)	--	(43)	74	--	--
Amortization of Restricted Common Stock Compensation	--	--	--	28	--	--	28
Balance, July 31, 2001	724	7,667	89,778	(25)	(24,824)	(1,474)	71,846
Net (Loss)	--	--	(1,094)	--	--	--	(1,094)
Cumulative Translation Adjustments	--	--	--	--	--	186	186
Total Comprehensive (Loss)							(908)
Dividends Declared	--	--	(1,894)	--	--	--	(1,894)
Purchases of Treasury Stock	--	--	--	--	(4)	--	(4)
Issuance of Stock Under 1995 Long-Term Incentive Plan	--	10	--	--	--	--	10
Amortization of Restricted Common Stock Compensation	--	--	--	21	--	--	21
Balance, July 31, 2002	724	7,677	86,790	(4)	(24,828)	(1,288)	69,071
Net Income	--	--	3,083	--	--		3,083
Cumulative Translation Adjustments	--	--	--	--	--	206	206
Total Comprehensive Income							3,289
Dividends Declared	--	--	(1,871)	--	--	--	(1,871)
Purchases of Treasury Stock	--	--		--	(1,508)	--	(1,508)
Issuance of Stock Under 1995 Long-Term Incentive Plan	--	(31)	--	(56)	97	--	10
Amortization of Restricted Common Stock Compensation	--	--	--	23	--	--	23
Balance, July 31, 2003	**$ 724**	**$ 7,646**	**$ 88,002**	**$ (37)**	**$(26,239)**	**$ (1,082)**	**$ 69,014**

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended July 31,		
	2003	2002	2001
Cash Flows from Operating Activities	**(in thousands of dollars)**		
Net Income (Loss)	**$ 3,083**	$ (1,094)	$ 913
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	**8,534**	8,785	9,089
Deferred income taxes	**(118)**	(817)	(549)
Provision for bad debts	**387**	409	142
Loss on impaired assets	**--**	3,213	--
Loss (Gain) on the sale of fixed assets	**549**	(78)	237
(Increase) decrease in:			
Accounts receivable	**(2,737)**	2,443	(13)
Other receivables	**1,022**	1,472	(187)
Inventories	**486**	3,647	1,483
Prepaid overburden removal expense	**1,186**	119	(1,411)
Prepaid expenses	**159**	643	1,298
Other assets	**229**	(8)	377
Increase (decrease) in:			
Accounts payable	**1,736**	(671)	988
Accrued expenses	**2,470**	220	3,250
Deferred compensation	**258**	185	(344)
Other liabilities	**245**	(292)	(320)
Total Adjustments	**14,406**	19,270	14,040
Net Cash Provided by Operating Activities	**17,489**	18,176	14,953
Cash Flows from Investing Activities			
Capital expenditures	**(4,882)**	(4,096)	(5,609)
Proceeds from sale of property, plant and equipment	**679**	319	496
Purchases of net assets	**(6,652)**	--	--
Purchases of investment securities	**(39,310)**	(9,639)	(2,487)
Dispositions of investment securities	**36,475**	1,814	2,450
Net Cash Used in Investing Activities	**(13,690)**	(11,602)	(5,150)
Cash Flows from Financing Activities			
Principal payments on long-term debt	**(2,850)**	(2,156)	(4,777)
Dividends paid	**(1,883)**	(1,894)	(1,892)
Purchase of treasury stock	**(1,508)**	(4)	(3)
Other, net	**41**	190	(75)
Net Cash Used in Financing Activities	**(6,200)**	(3,864)	(6,747)
Net (Decrease) Increase in Cash and Cash Equivalents	**(2,401)**	2,710	3,056
Cash and Cash Equivalents, Beginning of Year	**7,154**	4,444	1,388
Cash and Cash Equivalents, End of Year	**$ 4,753**	$ 7,154	$ 4,444

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

NOTE 1 – Summary of Significant Accounting Policies

Principles of Consolidation

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

Management Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Under the terms of its sales agreements with customers, the Company recognizes revenue when title is transferred upon product shipments. At the time of shipment an invoice is generated which sets the fixed and determinable price. Sales returns and allowances are not material due to the nature of the Company's business.

Income Taxes

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

No provision has been made for possible income taxes which may be paid on the distribution of approximately $19,533,000 and $18,391,000 as of July 31, 2003 and 2002, respectively, of retained earnings of foreign subsidiaries, as substantially all such amounts are intended to be indefinitely invested in these subsidiaries or to be handled in such a way that no additional income taxes would be incurred when such earnings are distributed. It is not practicable to determine the amount of income taxes or withholding taxes that would be payable upon the remittance of assets that represent those earnings.

Reclassification

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

Translation of Foreign Currencies

Assets and liabilities of foreign subsidiaries, where the local currency is the functional currency, are translated at the exchange rates in effect at period end. Income statement items are translated at the average exchange rate on a monthly basis. Resulting translation adjustments are recorded as a separate component of stockholders' equity.

Cash Equivalents and Investments in Treasury Securities

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

Inventories

Inventories are valued at the lower of cost (first-in, first-out) or market. The Company recorded additional inventory obsolescence reserves of approximately $441,000, $275,000 and $100,000 in the years 2003, 2002 and 2001 respectively. The composition of inventories as of July 31, 2003 is as follows:

NOTE 1 – Summary of Significant Accounting Policies (Continued)

	2003	2002
	(in thousands)	
Finished goods	**$ 7,821**	$ 6,673
Packaging	**3,718**	3,368
Other	**1,280**	1,757
	$ 12,819	$ 11,798

Prepaid Overburden Removal and Mining Costs

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. The Company had $2,492,000 and $3,678,000 of prepaid expense recorded on its consolidated balance sheet, as of July 31, 2003 and July 31, 2002, respectively. The Company amortized to current expense approximately $3,552,000 of previously recorded prepaid expense in fiscal 2003, $3,918,000 in fiscal 2002 and $2,497,000 in fiscal 2001.

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.

Concentration of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of cash investments and accounts receivable. The Company places its cash investments in government-backed instruments, both foreign and domestic, and with other quality institutions. Concentrations of credit risk with respect to accounts receivable are subject to the financial condition of certain major customers, principally the customer referred to in Note 3. The Company generally does not require collateral to secure customer receivables.

Property, Plant and Equipment

Property, plant and equipment expenditures are generally depreciated using the straight-line method over their estimated useful lives which are listed below. Major improvements and betterments are capitalized while maintenance and repairs that do not extend the useful life of the applicable assets are expensed as incurred.

	Years
Buildings and leasehold improvements	5-30
Machinery and equipment	2-20
Office furniture and equipment	2-10
Vehicles	2-8

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Shipping and Handling Costs

Shipping and handling costs are included in the cost of goods sold and were $27,568,000, $28,717,000 and $32,075,000 for the years ended July 31, 2003, 2002 and 2001, respectively.

Research and Development

Research and development costs of $1,923,000, $1,955,000 and $1,953,000 were charged to expense as incurred for the years ended July 31, 2003, 2002 and 2001, respectively.

Intangibles and Goodwill

Intangibles are amortized on a straight-line basis over periods ranging from 7 to 35 years. The Company periodically reviews intangibles to assess recoverability from projected undiscounted cash flows of the related operating entities.

Beginning in fiscal 2003, goodwill was no longer amortized; instead it is tested annually for impairment. The Company tests the fair value of goodwill using a combination of discounted cash flow techniques and outside appraiser's evaluations. Based upon the results of the work performed, no impairment adjustment was required during fiscal year 2003.

Advertising Costs

The Company defers recognition of advertising production costs until the first time the advertising takes place; other advertising costs are expensed as incurred. Advertising expenses were $1,907,000, $1,227,000 and $1,940,000 for the years ended July 31, 2003, 2002 and 2001, respectively.

Fair Value of Financial Instruments

Non-derivative financial instruments included in the consolidated balance sheets are cash and cash equivalents, investment securities and notes payable. These instruments, except for notes payable, were carried at amounts approximating fair value as of July 31, 2003 and 2002. The fair value of notes payable was estimated based on future cash flows discounted at current interest rates available to the Company for debt with similar maturities and characteristics. The fair value of notes payable as of July 31, 2003 was greater than its carrying value by approximately $818,000 and greater than its carrying value by approximately $998,000 as of July 31, 2002.

Stock Based Compensation

The Company applies the intrinsic value method under Accounting Principles Board Opinion ("APB") No. 25, "Accounting for Stock Issued to Employees", and related other interpretations to account for its stock option plans. All the outstanding options issued under the plans have had exercise prices equal to the market value on the day of issue. Accordingly, the Company has not recorded any compensation expense associated with its issuance of stock options. The Company has recorded as expense the fair market value on the date of issue of any restricted stock awards granted.

NOTE 1 – Summary of Significant Accounting Policies (Continued)

The following table details the effect on net income and earnings per share if compensation expense for the stock plans had been recorded based on the fair value method under SFAS 123, "Accounting for Stock Based Compensation".

	Year Ended		
(in thousands, except per share data)	**2003**	2002	2001
Reported net income	**$3,083**	$(1,094)	$ 913
Add: Total stock-based employee compensation expense included in reported net income, net of related tax effects	**13**	14	18
Deduct: Total stock-based employee compensation expense determined under fair value method for all awards net of related tax effects	**(699)**	(783)	(696)
Pro forma net income	**$2,397**	$(1,863)	$235
Earnings per share:			
Basic – as reported	**$0.55**	$(0.19)	$0.16
Basic – pro forma	**$0.43**	$(0.33)	$0.04
Diluted – as reported	**$0.54**	$(0.19)	$0.16
Diluted – pro forma	**$0.42**	$(0.33)	$0.04

New Accounting Standards

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." In June 2000, the FASB issued SFAS No. 138, "Accounting for Derivative Instruments and Certain Hedging Activities, an Amendment of SFAS No. 133," 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 and SFAS No. 142, "Goodwill and Other Intangible Assets" effective for fiscal years beginning after December 15, 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 outside appraiser's evaluations.

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Based upon management's review, no impairment adjustment was required at October 31, 2002. Had SFAS No. 142 been in effect for fiscal 2002 and 2001, net income and earnings per share, net of tax, would have been as follows:

	Year Ended July 31,		
	2003	2002	2001
	(in thousands, except for per share data)		
Net Income (Loss)			
Net as reported	**$ 3,083**	$ (1,094)	$ 913
Add back: Goodwill amortization	**---**	122	102
Adjusted Net Income (Loss)	**$ 3,083**	$ (972)	$ 1,015
Basic Earnings (Loss) per share			
Net as reported	**$ 0.55**	$ (0.19)	$ 0.16
Add back: Goodwill amortization	**---**	0.02	0.02
Adjusted Net Income (Loss)	**$ 0.55**	$ (0.17)	$ 0.18
Diluted Earnings (Loss) per share			
Net as reported	**$ 0.54**	$ (0.19)	$ 0.16
Add back: Goodwill amortization	**---**	0.02	0.02
Adjusted Net Income (Loss)	**$ 0.54**	$ (0.17)	$ 0.18
Weighted Average shares outstanding			
Basic	**5,574**	5,614	5,613
Fully diluted	**5,708**	5,614	5,613

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 during fiscal year 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.

NOTE 1 – Summary of Significant Accounting Policies (Continued)

In June of 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," effective for exit or disposal activities that are initiated after December 31, 2002. This statement addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task force ("EITF") Issue No. 94-3. Under the new rules, the liability for a cost associated with an exit or disposal activity can be recognized and measured at its fair value only when the liability is incurred. The Company adopted SFAS No. 146, and utilized the new guidance in conjunction with the closure of the Christmas Valley, Oregon production plant.

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.

NOTE 2 – Special Charges, Fees and Changes in Accounting Estimates

Special Charges – Christmas Valley, Oregon Plant Closure

On July 17, 2003 the Company announced a reorganization of service for its customers in the Pacific Northwest. On July 31, 2003 the Company closed its Christmas Valley, Oregon facility and transferred its existing customer base to the newly acquired plant in Taft, California and other Oil-Dri production facilities. The Company recorded a fourth quarter charge of $573,000, which is detailed below:

	2003
	(in thousands)
Severance Costs	$106
Write-off of Obsolete Inventory	198
Write-off of Fixed Assets	89
Reclamation Expense	180
Total	$573

Of the $573,000, $484,000 was recorded as part of cost of goods sold for the fourth quarter 2003. The balance of the adjustment was recorded in other income and expense.

Non-Recurring Fee

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

NOTE 2 – Special Charges, Fees and Changes in Accounting Estimates (Continued)

Change in Accounting Estimate for Prepaid Overburden Removal Expense

During the second quarter of fiscal 2002, an internal review of the estimated amount of uncovered mineable clay took place at the Company's Georgia production complex. The quantity of uncovered clay is one of the key elements in the amortization of the prepaid overburden removal account balance. The review led to a change in the estimated amount of uncovered clay. This estimate change then caused a change in the amortization of the prepaid overburden removal account. The impact of this estimate revision for fiscal 2003 and 2002 was an additional pre-tax charge to cost of goods sold of approximately $630,000 and $1,092,000 respectively, versus the previous estimate. 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.

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.

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

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.

Reno Processing Plant

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

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

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

NOTE 2 – Special Charges, Fees and Changes in Accounting Estimates (Continued)

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

In April 2002, the Company filed a lawsuit against Washoe County, Nevada, alleging that the County's denial of a special use permit (sought by the Company in connection with its plan to build a manufacturing facility outside of Reno, Nevada) violated both federal and state law. The lawsuit seeks damages resulting from the County's improper denial of the special use permit, which caused the Company to abandon its plan to build the Reno facility. The lawsuit is now pending in Nevada state court. A hearing on the liability issues in the lawsuit is expected to be held in fall 2003. An adverse decision in the matter would not have a material adverse effect on the Company.

The Company is involved in other ordinary routine litigation, none which is material.

NOTE 3 – Operating Segments

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

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

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:

	July 31,		
	Assets		
	2003	2002	2001
	(in thousands)		
Consumer Products	**$ 54,307**	$ 51,600	$ 58,321
Specialty Products Group	**17,251**	15,813	16,022
Crop Production and Horticulture	**12,383**	11,043	11,913
Industrial and Automotive Products	**8,539**	8,417	9,969
Unallocated Assets	**34,343**	38,162	34,299
Total Assets	**$126,823**	$125,035	$ 130,524

	Year Ended July 31					
	Net Sales			Income		
	2003	2002	2001	**2003**	2002	2001
	(in thousands)					
Consumer Products	**$105,108**	$101,042	$ 100,728	**$ 13,343**	$ 10,175	$ 7,522
Specialty Products Group	**24,990**	24,499	23,678	**4,927**	4,280	2,451
Crop Production and Horticulture	**21,820**	17,154	16,691	**2,614**	2,350	1,535
Industrial and Automotive Products	**21,123**	19,650	19,572	**(826)**	18	(389)
Total Sales/Operating Income	**$173,041**	$162,345	$ 160,669	**20,058**	16,823	11,119
Other Contractual Income and Nonrecurring Fees[2]				**675**	--	4,278
Gain on the Sale of Mineral Rights[1]				**139**	769	--
Less:						
Loss on Impaired Assets[3]				**--**	3,213	--
Corporate Expenses				**14,385**	13,658	11,247
Interest Expense, net of interest Income				**2,145**	2,280	2,681
Income (Loss) before Income Taxes				**4,342**	(1,559)	1,469
Income Taxes (Benefit) Provision				**1,259**	(465)	556
Net Income (Loss)				**$ 3,083**	$ (1,094)	$ 913

[1] See Note 2 for a discussion of the gain on the sale of mineral rights.
[2] See Note 2 for a discussion of other contractual income and the non-recurring fee.
[3] See Note 2 for a discussion of the loss on impaired assets.

NOTE 3 – Operating Segments (Continued)

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

	2003	2002	2001
		(in thousands)	
Sales to unaffiliated customers:			
Domestic	**$161,641**	$ 151,591	$ 149,761
Foreign subsidiaries	**$ 11,400**	$ 10,754	$ 10,908
Sales or transfers between geographic areas:			
Domestic	**$ 5,346**	$ 5,000	$ 5,243
Income (Loss) before income taxes:			
Domestic	**$ 3,906**	$ (1,614)	$ 2,006
Foreign subsidiaries	**$ 436**	$ 55	$ (537)
Net Income (Loss):			
Domestic	**$ 2,802**	$ (1,187)	$ 1,238
Foreign subsidiaries	**$ 281**	$ 93	$ (325)
Identifiable assets:			
Domestic	**$117,086**	$ 115,493	$ 120,715
Foreign subsidiaries	**$ 9,737**	$ 9,542	$ 9,809

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

	2003	2002	2001
Sales for the years ended July 31	**19%**	22%	21%
Accounts receivable as of July 31	**26%**	26%	25%

NOTE 4 – Notes Payable

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

	2003	2002
	(in thousands)	
Town of Blue Mountain, Mississippi Principal payable on October 1, 2008. Interest payable monthly at a variable interest rate reset weekly based on market conditions for similar instruments. The average rate was 1.52% and 1.95% in fiscal 2003 and 2002, respectively. Payment of these bonds by the Company is guaranteed by a letter of credit issued by Harris Trust and Savings Bank.	**$ 2,500**	$ 2,500
Teachers Insurance and Annuity Association of America Payable in annual principal installments on August 15: $2,500,000 in fiscal 2004 and 2005. Interest is payable semiannually at an annual rate of 7.17%	**5,000**	6,000
Harris Trust and Savings Bank Final principal installment payable on June 20, 2003. Interest was payable quarterly at an annual rate of 7.78%	**---**	350
Teachers Insurance and Annuity Association of America and Connecticut General Life Insurance Company Payable in annual principal installments on April 15: $1,500,000 in fiscal 2004 and 2005; $3,000,000 in fiscal 2006; $4,000,000 in fiscal 2007 and 2008; $1,500,000 in fiscal 2009; $3,000,000 in fiscal 2010; $2,000,000 in fiscal 2011; and $1,500,000 in fiscal 2012 and 2013. Interest is payable semiannually at an annual rate of 6.55%	**23,500**	25,000
Other	**400**	400
	$ 31,400	$ 34,250
Less current maturities of notes payable	**(4,000)**	(2,850)
	$ 27,400	$ 31,400

On January 29, 1999, the Company entered into a Credit Agreement with Harris Trust and Savings Bank, which provides for up to $15,000,000 in committed unsecured revolving credit loans and/or letters of credit (not to exceed $5,000,000). In May 2002, the Company reduced this facility to $7,500,000 and amended the definition of Consolidated EBITDA used for covenant compliance purposes to exclude non-cash charges, up to $3,600,000 relating to the write-off of its equity investment in the Washoe County, Nevada, project and/or certain other costs associated with the write-off of the Company's Christmas Valley, Oregon production facility. See Note 2 in the Notes to the Consolidated Financial Statements for the description of write-downs totaling $573,000 in fiscal 2003 and $3,213,000 in fiscal 2002. On November 22, 2002, the Company and Harris Trust and Savings Bank entered into a second amendment whereby for the purposes of the fixed charge coverage ratio, as defined, up to $6,000,000 of capital expenditures incurred by the Company related to its acquisition of the Taft, California facility and the Jonny Cat brand are excluded from the computation. This agreement terminates on January 29, 2004, or such earlier date as provided for in the agreement. The Company is in the process of replacing this agreement with a similar revolving credit arrangement. Additionally, the Company decreased its uncommitted line of credit agreement, which is renewable on an annual basis, with Harris Trust and Savings Bank to $15,000,000 in fiscal 1999. There were not any outstanding borrowings against this facility at July 31, 2003 and 2002.

NOTE 4 – Notes Payable (Continued)

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

In July 2002, the 1993 and 1998 note agreements were further amended to modify the fixed charge covenant ratio for periods beginning May 1, 2002, as follows: (i) for the period May 1, 2002 through July 31, 2002 the ratio test was waived by the noteholders; (ii) for the periods ending August 1, 2002 through January 31, 2002 to 1.00 to 1.00; (iii) for the periods ending February 1, 2003 through October 31, 2003 to 1.25 to 1.00; (iv) and for the periods ending November 1, 2003 and thereafter to 1.50 to 1.00. Also, for any fiscal quarter ending on or after July 31, 2002 an additional interest charge of 0.25% is imposed if the fixed charge coverage ratio is less than 1.25 to 1.00 for the quarter ended July 31, 2002 and 1.50 to 1.00 for periods thereafter. Finally, the definition of Consolidated Net Income for covenant compliance purposes also has been amended to exclude non-cash charges incurred by the Company on or before July 31, 2003, relating to the write-off of the Company's equity investments in the Washoe County, Nevada projects and other costs associated with the write-off of the Company's Christmas Valley, Oregon production facility. See Note 2 in the Notes to the Consolidated Financial Statements for a description of a write-down totaling $573,000 in fiscal 2003 and $3,213,000 in fiscal 2002. The aggregate amount of these write-offs cannot be in excess of 4,700,000.

The agreements with the Town of Blue Mountain, Mississippi, Teachers Insurance and Annuity Association of America, Harris Trust and Savings Bank and Connecticut General Life Insurance Company impose working capital requirements, dividend and financing limitations, minimum tangible net worth requirements and other restrictions. The Company's Credit Agreement with Harris Trust and Savings Bank indirectly restricts dividends by requiring the Company to maintain tangible net worth, as defined, in the amount of $50,000,000 plus 40% of cumulative annual earnings from July 31, 1998.

In prior years, the Town of Blue Mountain, Mississippi issued long-term bonds to finance the purchase of substantially all of the assets of certain plant expansion projects, and leased the projects to the Company and various of its subsidiaries (with the Company and various of its wholly owned subsidiaries as guarantors) at rentals sufficient to pay the debt service on the bonds.

The following is a schedule by year of future maturities of notes payable as of July 31, 2003:

	(in thousands)
2005	$4,080
2006	3,080
2007	4,080
2008	4,080
Later years	12,080
	$27,400

NOTE 5 – Purchase of Assets Related to the Jonny Cat® 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® brand of cat litter (the "Purchase") from a wholly owned subsidiary of Clorox (NYSE: CLX). The Company has also spent approximately $652,000 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 been allocated as follows:

Inventory	$1,507,000
Prepaid Expenses	175,000
Property, Plant & Equipment	4,594,000
Trademarks & Trade Name	376,000
Purchase total	$6,652,000

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.

NOTE 6 – Income Taxes

The provision for income tax expense consists of the following:

	2003	2002	2001
		(in thousands)	
Current			
Federal	**$1,061**	$ 425	$ 586
Foreign	**45**	(14)	(212)
State	**271**	(59)	74
	1,377	352	448
Deferred			
Federal	**(256)**	629	65
Tax effect of operating loss carryforward, net	**--**	(1,629)	--
Foreign	**110**	--	--
State	**28**	183	43
	(118)	(817)	108
Total Income Tax Provision (Benefit)	**$ 1,259**	$ (465)	$ 556

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

	2003	2002	2001
U.S. federal income tax rate	**34.0%**	(34.0)%	34.0%
Depletion deductions allowed for mining	**(7.4)**	(11.4)	(13.0)
State income tax expense (benefit), net of federal tax (benefit)/expense	**4.3**	(5.3)	5.3
Valuation allowance without income tax benefit	**--**	22.9	--
Difference in effective tax rate of foreign subsidiaries	**--**	(2.1)	(0.2)
Credits	**(2.8)**	--	5.4
Other	**0.9**	0.1	6.4
	29.0%	(29.8)%	37.9%

NOTE 6 – Income Taxes (Continued)

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

	2003		2002	
	Assets	Liabilities	Assets	Liabilities
	(in thousands)			
Depreciation	$ --	$ 451	$ --	$ 466
Deferred compensation	1,327	--	1,121	--
Postretirement benefits	175	--	569	--
Allowance for doubtful accounts	265	--	142	--
Other assets	372	--	417	--
Accrued expenses	991	--	308	--
Tax credits	580	--	199	--
Amortization	221	--	--	--
Inventory	217	--	--	--
Depletion	--	53	--	--
Other assets – Foreign	--	58	52	--
Operating loss carryforward	861	--	1,987	--
	5,009	562	4,795	466
Valuation allowance	(357)	--	(357)	--
Total deferred taxes	$ 4,652	$ 562	$ 4,438	$ 466

As of July 31, 2003, for federal income tax purposes there were alternative minimum tax credit carryforwards of approximately $550,000 and regular tax operating loss carryforwards of approximately $2,255,000. The operating loss carryforward will expire in 2022. A valuation allowance has been established for $357,000 of the deferred tax benefit related to those operating losses which it is more likely than not that the benefit will not be realized.

NOTE 7 – Stockholders' Equity

The authorized capital stock of the Company at July 31, 2003 and 2002 consisted of 15,000,000 shares of Common Stock, 7,000,000 shares of Class B Stock and 30,000,000 shares of Class A Common Stock, each with a par value of $.10 per share. There are no Class A shares currently outstanding.

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

Common Stock is entitled to cash dividends, as and when declared or paid, equal to 133 1/3% on a per share basis of the cash dividend paid on Class B Stock. Class A Common Stock is entitled to cash dividends on a per share basis equal to the cash dividend on Common Stock. Additionally, while shares of Common Stock, Class A Common Stock and Class B Stock are outstanding, the sum of the per share cash dividend paid on shares of Common Stock and Class A Common Stock, must be equal to at least 133 1/3% of the sum of the per share cash dividend paid on Class B Stock and Class A Common Stock. See Note 4 regarding dividend restrictions.

NOTE 7 – Stockholders' Equity (Continued)

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

The Board of Directors of the Company has authorized the repurchase of 1,916,771 shares of the Company stock. As of July 31, 2003, 1,272,520 shares of Common Stock and 342,241 shares of Class B stock have been repurchased under the Board approved repurchase authorizations and 146,545 shares of Common Stock by other authorized transactions.

The number of holders of record of Common Stock and Class B stock on July 31, 2003 was 833 and 33, respectively, as reported by the Company's transfer agent. The Company's Common Stock is traded on the New York Stock Exchange. There is no established trading market for the Class B Stock.

NOTE 8 – Stock Option Plans

The Company instituted the Oil-Dri Corporation of America 1995 Long Term Incentive Plan during the fiscal year ended July 31, 1996. On December 9, 1997, the stockholders voted to increase the number of shares available for grant under the 1995 Plan from 500,000 to 1,000,000 and further authorized the grant of Class B Shares under the Plan to certain members of the Richard M. Jaffee family. Generally, other than grants to Richard M. Jaffee family members, shares of stock awarded under the 1995 Plan will be Class A Common Stock, except that, if there is no Class A Common Stock issued and publicly traded on a securities exchange when such awards are exercised, the shares awarded would be Common Stock. On December 7, 1999, the stockholders voted to increase the number of shares available for grant under the 1995 Plan from 1,000,000 to 1,500,000. On June 9, 2000, the 1995 Plan was amended to provide 100% vesting and a three-year exercise period upon the death or disability of a grantee or upon a grantee's retirement with age plus years of service equal to at least 80. The Plan provides for various other types of awards. No restricted stock awards were made during the fiscal year ended July 31, 2002. Awards of restricted stock in the amount of 7,000 and 5,000 shares were made during the fiscal years ended July 31, 2003 and 2001, respectively. All stock option grants awarded to date under this plan have a term of ten years. Grants vest and become exercisable gradually between two and seven years.

The Oil-Dri Corporation of America 1988 Stock Option Plan terminated on December 12, 1995, for purposes of future grants. The outstanding options under this plan will remain outstanding and exercisable in accordance with their respective terms. As of July 31, 2003, all options outstanding are vested and exercisable.

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

NOTE 8 – Stock Option Plans (Continued)

EQUITY COMPENSATION PLAN INFORMATION AS OF JULY 31, 2003

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (in thousands) (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for further issuance under equity compensation plans (excluding securities reflected in column (a)) (in thousands) (c)
Equity compensation plans approved by security holders	1,288	$10.44	256
Equity compensation plans not approved by security holders	185	$10.16	15

A summary of option transactions under the plans follows:

	Number of Shares (in thousands)	Weighted Average Exercise Price
Options outstanding at August 1, 2000	995	$ 12.65
Granted	258	$ 9.02
Canceled	116	$ 13.48
Options outstanding at August 1, 2001	1,137	$ 11.74
Granted	310	$ 6.18
Exercised	1	$ 8.19
Canceled	45	$ 12.65
Options outstanding at August 1, 2002	1,401	$ 10.49
Granted	165	$ 10.01
Exercised	1	$ 8.19
Canceled	92	$ 10.92
Options outstanding at August 1, 2003	**1,473**	**$ 10.41**

Options exercisable were 760,512, 576,151 and 336,325 as of July 31, 2003, 2002 and 2001, respectively. The weighted average exercise price of the options exercisable as of July 31, 2003, 2002 and 2001 was $ 11.74, $12.43, and $14.10 respectively.

The Company had reserved 255,750, 350,626 and 587,250 shares, respectively, as of July 31, 2003, 2002 and 2001 under the Oil-Dri Corporation of America 1995 Long Term Incentive Plan.

The Company had reserved 15,000, 5,000 and 40,000 shares of Common Stock, respectively, as of July 31, 2003, 2002 and 2001, under the Oil-Dri Corporation of America Outside Director's Stock Plan.

NOTE 8 – Stock Option Plans (Continued)

OPTIONS OUTSTANDING AND EXERCISABLE
BY PRICE RANGE AS OF 7/31/2003

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Outstanding as of 7/31/2003 (in thousands)	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Shares (in thousands)	Weighted Average Exercise Price
$6.01 - $8.00	436	8.2	$ 6.75	118	$ 7.49
$8.01 - $10.00	181	7.0	$ 9.28	56	$ 9.13
$10.01 - $12.00	634	5.9	$ 11.28	403	$ 11.25
$14.01 - $16.00	154	5.5	$ 14.64	116	$ 14.65
$18.01 - $20.00	68	1.1	$ 19.29	68	$ 19.29
$6.01 - $20.00	1,473	6.5	$ 10.41	761	$ 11.74

The weighted average fair value of the options granted was $2.59, $1.40 and $2.45 for the fiscal years ended July 31, 2003, 2002 and 2001, respectively. See Note 1 in the Notes to the Consolidated Financial Statements regarding Stock Based Compensation.

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

	2003	2002	2001
Dividend Yields	**3.7%**	5.8%	4.2%
Volatility	**36.2%**	38.1%	37.2%
Risk-free Interest Rate	**3.5%**	4.7%	5.8%
Expected Life (Years)	**5.4**	4.6	5.4

NOTE 9 – Employee Benefit Plans

The Company and its subsidiaries have defined benefit pension plans for eligible salaried and hourly employees. Benefits are based on a formula of years of credited service and levels of compensation or stated amounts for each year of credited service. The assets of these plans are invested in various high quality marketable securities.

The net periodic pension cost for the years ended July 31 consists of the following:

	2003	2002	2001
		(in thousands)	
Service cost	**$ 600**	$ 534	$ 424
Interest cost on projected benefit obligations	**823**	763	681
Expected return on plan assets	**(740)**	(912)	(977)
Net amortization and deferral	**23**	3	(121)
Net pension cost	**$ 706**	$ 388	$ 7

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

	2003	2002
	(in thousands)	
Fair Value of Plan Assets Less Than Projected Benefit Obligations	**$ (3,907)**	$ (2,159)
Unrecognized Net Loss	**2,389**	840
Unrecognized Prior Service Cost	**431**	481
Unrecognized Net Asset at Transition	**(132)**	(158)

Accrued Pension Included in Noncurrent Liabilities--Other	**$ (1,219)**	$ (996)

NOTE 9 – Employee Benefit Plans (Continued)

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

	2003	2002
	(in thousands)	
Change in Plan Assets:		
Plan assets at fair value, beginning of year	**$ 9,465**	$ 10,201
Actual return on plan assets	**740**	(727)
Contributions	**484**	415
Benefits paid	**(465)**	(424)
Plan assets at fair value, end of year	**$ 10,224**	$ 9,465
Change in Projected Benefit Obligation:		
Projected benefit obligation, beginning of year	**$ 11,624**	$ 10,636
Service cost	**600**	534
Interest cost	**823**	763
Plan amendments	**--**	4
Actuarial loss	**1,549**	111
Benefits paid	**(465)**	(424)
Projected benefit obligation, end of year	**$ 14,131**	$ 11,624

Assumptions used in the previous calculations are as follows:

	2003	2002
Discount rate	**6.5%**	7.3%
Rate of increase in compensation levels	**4.5%**	4.5%
Long-term expected rate of return on assets	**8.0%**	9.0%

The Company has funded the plans based upon actuarially determined contributions that take into account the amount deductible for income tax purposes and the minimum contribution required under the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

Effective August 1, 2002, the defined benefit pension plans for salaried and hourly employees and the assets of those plans were merged into one plan and trust. This merger did not change the benefit formulas or eligibility requirements for either of the two groups of employees.

For the years ended July 31, 2003, 2002 and 2001, the Company maintained a 401(k) savings plan under which the Company matches a portion of employee contributions. The plan is available to essentially all domestic employees following thirty or sixty days of employment. The Company's contributions to this plan, and to similar plans maintained by the Company's foreign subsidiaries, were $509,000, $435,000 and $445,000 for fiscal years 2003, 2002 and 2001, respectively.

Effective April 1, 2003, the Company adopted the Oil-Dri Corporation of America Supplemental Executive Retirement Plan ("SERP"). 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. The Company recorded $21,904 in expense associated with this plan in the fiscal year ended July 31, 2003. The plan is unfunded and the Company will fund benefits when payments are made.

NOTE 10 – Deferred Compensation

In December 1995, the Company adopted the Oil-Dri Corporation of America Deferred Compensation Plan. This plan has permitted Directors and certain management employees to defer portions of their compensation and earn interest on the deferred amounts. During the period January 1, 1999 through September 30, 2000, participants' returns were tied to the performance of various investment elections. After September 30, 2000 the participants' returns have been set at the Company's long-term cost of borrowing plus 1%. Compensation deferred since the inception of the plan has been accrued as well as earnings thereon. Employees have deferred $205,000, $86,000 and $46,000 in fiscal years 2003, 2002 and 2001 respectively.

NOTE 11 – Commitments and Contingencies

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

NOTE 12 – Leases

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

The Company leases its corporate offices in Chicago, Illinois (20,000 square feet), office, production and warehouse space in Alpharetta, Georgia (26,000 square feet), office and production facilities in Kiel, Wisconsin (16,000 square feet) and office facilities in Europe. The office space in Chicago is subject to a lease expiring in fiscal 2018. The Alpharetta, Georgia lease expires in fiscal 2008. The facilities in Europe and Kiel, Wisconsin are leased on a year-to-year basis.

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

The following is a schedule by year of future minimum rental requirements under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of July 31, 2003:

	(in thousands)
2004	**$ 2,321**
2005	**1,369**
2006	**1,256**
2007	**1,110**
2008	**1,072**
Later years	**7,473**
	$ 14,601

NOTE 12 – Leases (Continued)

The following schedule shows the composition of total rental expense for all operating leases, including those with terms of one month or less which were not renewed, as of the years ended July 31:

	2003	2002	2001
		(in thousands)	
Vehicles and Railcars	**$ 884**	$ 880	$ 941
Office facilities	**499**	496	485
Warehouse facilities	**231**	379	408
Mining properties			
Minimum	**91**	181	192
Contingent	**556**	516	430
Other	**883**	859	646
	$ 3,144	$ 3,311	$ 3,102

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

NOTE 13 – Other Cash Flow Information

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

	2003	2002	2001
		(in thousands)	
Interest	**$ 2,147**	$ 2,283	$ 2,619
Income taxes	**$ 672**	$ 1,057	$ (743)

NOTE 14 – Post Retirement Health Benefits

Domestic salaried employees who retire prior to reaching age 65 and have at least 17 years of continuous service and whose age plus years of service equals at least 80 may elect to continue their health care coverage under the Oil-Dri Corporation of America Employee Benefits Plan until they reach the age of 65. The Company accrues the costs of such benefits during the employees' active years of service.

Net periodic postretirement cost for the years ended July 31, was as follows:

	2003	2002	2001
		(in thousands)	
Components of net periodic postretirement benefit cost			
Service Cost	**$ 40**	$ 23	$ 26
Interest Cost	**43**	37	30
Amortization of Net transition obligation	**16**	16	16
Amortization of (Gains) Losses	**--**	--	(8)
Net periodic postretirement benefit cost	**$ 99**	$ 76	$ 64

NOTE 14 – Post Retirement Health Benefits (Continued)

The accumulated postretirement benefit obligation assumptions were as follows:

	2003	2002	2001
Discount rate	**5.75%**	7.25%	7.3%
Medical trend	**6%**	7% in 2003 to 6% in 2004	8% in 2002 to 6% in 2004

A one-percentage point change in assumed health care cost trend would have had the following effects in the fiscal year ended July 31, 2003:

	(in thousands)	
	One-Percentage Point Increase	One-Percentage Point Decrease
Effect on total service and interest costs for fiscal year ended July 31, 2003	$14	$(12)
Effect on accumulated postretirement benefit obligation as of July 31, 2003	$106	$(90)

The Company's policy is to pay insurance premiums and claims under the above-mentioned plan from Company assets.

The accrued postretirement benefit liability and the change in benefit obligation as of July 31, 2003, and July 31, 2002, were as follows:

	July 31,	
	2003	2002
	(in thousands)	
Change in benefit obligation:		
Benefit obligation at beginning of year	**$ 626**	$ 550
Service cost	**40**	23
Interest cost	**43**	37
Participant contributions	**--**	--
Actuarial Loss	**141**	90
Benefits Paid	**(52)**	(74)
Benefit obligation at end of year	**$ 798**	$ 626
Change in plan assets:		
Employer contribution	**$ 52**	$ 74
Benefits Paid	**(52)**	(74)
Fair value of plan assets at end of year	**$ --**	$ --
Reconciliation of Funded status:		
Funded status	**$ (798)**	$ (626)
Unrecognized net transition obligation	**173**	188
Unrecognized actuarial loss	**166**	25
Net amount recognized at end of year	**$ (459)**	$ (413)

NOTE 15 – Derivative Instruments

In 1998, the Company entered into two interest rate swap agreements. The notional amount of these agreements is $23,500,000 at July 31, 2003 and $25,000,000 at July 31, 2002, respectively. The swap agreements terminate on May 1, 2013. Changes in the fair value of the derivatives are recorded each period in current earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and, if it is, the type of hedge transaction. These derivatives do not qualify for hedge accounting and accordingly, the Company has recorded these derivative instruments and the associated assets or liabilities at their fair values with the related gains or losses recorded as other income or expense in the consolidated statements of income. The Company recognized additional interest expense of $15,000, $15,000 and $7,500 in fiscal years 2003, 2002 and 2001 respectively, as a result of these contracts.

NOTE 16 – Selected Quarterly Financial Data (Unaudited)

A summary of selected information for 2003 and 2002 is as follows:

	Fiscal 2003 Quarter Ended (in thousands except per share amounts)				
	October 31	January 31	April 30	July 31	Total
Net Sales	$ 37,730	$ 44,456	$ 46,125	$ 44,730	$ 173,041
Gross Profit	$ 7,753	$ 9,623	$ 9,915	$ 8,337	$ 35,628
Net Income (Loss)	$ 411	$ 1,219	$ 977	$ 476	$ 3,083
Net Income (Loss) Per Share					
Basic	$ 0.07	$ 0.22	$ 0.18	$ 0.09	$ 0.55
Diluted	$ 0.07	$ 0.21	$ 0.17	$ 0.08	$ 0.54
Dividends Per Share					
Common	$ 0.09	$ 0.09	$ 0.09	$ 0.09	$ 0.36
Class B	$ 0.07	$ 0.07	$ 0.07	$ 0.07	$ 0.27
Company Common Stock Price Range:					
High	$ 8.39	$ 9.65	$ 11.22	$ 12.35	
Low	$ 7.10	$ 7.00	$ 8.40	$ 10.10	

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

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Stockholders
of Oil-Dri Corporation of America:

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of operations, of stockholders' equity, and of cash flows present fairly, in all material respects, the financial position of Oil-Dri Corporation of America at July 31, 2003 and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. The financial statements of the Company as of July 31, 2002 and the years ended July 31, 2002 and 2001 were audited by other auditors whose report dated September 10, 2002 expressed an unqualified opinion on those statements.

As disclosed in Note 1 in the financial statements, the Company changed the manner in which it accounts for goodwill and other intangible assets upon adoption of Statement of Financial Accounting Standards No. 142 "Goodwill and Other Intangibles Assets" on October 1, 2002.

PricewaterhouseCoopers, LLP
Chicago, Illinois
September 12, 2003

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

PART III

Item 10. Directors and Executive Officers of Oil-Dri

The information required by this Item is (except for information set forth below concerning the Board of Directors and information in Part I hereof, concerning executive officers) contained in Oil-Dri's Proxy Statement for its 2003 annual meeting of stockholders ("Proxy Statement") under the caption "1. Election of Directors" and is incorporated herein by this reference.

Board of Directors

Richard M. Jaffee
Chairman of the Board of Directors

Daniel S. Jaffee
President and Chief Executive Officer

J. Steven Cole[1]
President, Cole & Associates

Arnold W. Donald
Chairman, Merisant Company

Ronald B. Gordon
President and Chief Operating Officer
Nice-Pak Products, Inc.

Thomas D. Kuczmarski
Senior Partner and President,
Kuczmarski & Associates, Inc.

Joseph C. Miller
Vice Chairman of the Board of Directors

Paul J. Miller
Partner, Sonnenschein Nath & Rosenthal, LLP

Allan H. Selig[2]
President and Chairman, Selig Lease Company
Commissioner of Major League Baseball

[1]*Audit Committee Chair*
[2]*Compensation Committee Chair*

The Company has adopted a Code of Ethics and Business Conduct (the "Code") which applies to all of its directors, officers (including the Company's Chief Executive Officer and senior financial officers) and employees. The Code is intended to be a "code of ethics" as defined by the rules of the Securities and Exchange Commission. The Code imposes special responsibilities on the Chief Executive Officer and the senior financial officers of the Company. A copy of the Code may be viewed at the Company's website, www.oildri.com. Any amendment to, or waiver of, a provision of the Code which applies to the Company's Chief Executive Officer or senior financial officers and relates to the elements of a "code of ethics" as defined by the Securities and Exchange Commision will also be posted on the Company's website, www.oildri.com. The Company will also provide, without charge, a copy of the Code to any person upon request submitted to Investor Relations, Oil-Dri Corporation of America, 410 North Michigan Avenue, Suite 400, Chicago, Illinois 60611-4213, telephone (312) 706-3232.

Item 11. Executive Compensation

The information required by this Item is contained in Oil-Dri's Proxy Statement under the captions "Executive Compensation," "Report of the Compensation and the Stock Option Committees of Oil-Dri Corporation of America on Executive Compensation," "Compensation Committee Interlocks and Insider Participation" and "Performance Graph" and is incorporated herein by this reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management

The information required by this Item is contained in Oil-Dri's Proxy Statement under the captions "General--Principal Stockholders" and "Security Ownership of Management" and is incorporated herein by this reference.

Item 13. Certain Relationships and Related Transactions

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

Item 14. Controls and Procedures

(a) Based on their evaluation within 90 days prior to the filing date of this Annual Report on Form 10-K, 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 IV

Item 15. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

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

Consolidated Balance Sheets as of July 31, 2003 and July 31, 2002.

Consolidated Statements of Income for the fiscal years ended July 31, 2003, July 31, 2002 and July 31, 2001.

Consolidated Statements of Stockholders' Equity for the fiscal years ended July 31, 2003, July 31, 2002 and July 31, 2001.

Consolidated Statements of Cash Flows for the fiscal years ended July 31, 2003, July 31, 2002 and July 31, 2001.

Notes to Consolidated Financial Statements.

Report of Independent Auditors.

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

Schedule to Financial Statements, as follows:

Schedule II--Valuation and Qualifying Accounts, years ended July 31, 2003, July 31, 2002 and July 31, 2001.

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

(3)(a)[1] Articles of Incorporation of Oil-Dri, as amended.

(3)(b)[2] Bylaws of Oil-Dri, as amended June 16, 1995.

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

(10)(c)(2)[4] Amendment to Clorox Agreement dated March 3, 1989, as accepted by Oil-Dri on March 20, 1989, between Clorox and Oil-Dri. (Confidential treatment of certain portions of this Exhibit has been granted.)

(10)(c)(3)[5] Amendment to Clorox Agreement dated February 14, 1991, between Clorox and Oil-Dri. (Confidential treatment of certain portions of this Exhibit has been granted.)

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

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

(10)(d)[8] Description of 1987 Executive Deferred Compensation Program.*

(10)(e)(1)[9]	Salary Continuation Agreement dated August 1, 1989 between Richard M. Jaffee and Oil-Dri ("1989 Agreement").*
(10)(e)(2)[10]	Extension and Amendment, dated October 9, 1998, to the 1989 Agreement.*
(10)(e)(3)[11]	Second Amendment, Effective October 31, 2000, to the 1989 Agreement.*
(10)(f)[12]	1988 Stock Option Plan.*
(10)(h)[14]	Note Agreement, dated as of April 15, 1993, between Oil-Dri and Teacher's Insurance and Annuity Association of America regarding $6,500,000 7.17% Senior Notes due August 15, 2004.
(10)(h)(1)[13]	First Amendment, dated as of January 15, 2001, to the Note Agreement dated as of April 15, 1993.
(10)(h)(2)[25]	Second Amendment dated July 15, 2002 to Note Agreement dated as of April 15, 1993.
(10)(i)[15]	Credit Agreement, dated as of September 21, 1994, between Oil-Dri and Harris Trust and Savings Bank regarding $5,000,000 7.78% Term Loan Note and $5,000,000 Revolving Credit Note.
(10)(j)[22]	The Oil-Dri Corporation of America Deferred Compensation Plan adopted November 15, 1995, as amended and restated effective October 1, 2000.*
(10)(j)(1)[29]	Restatement dated April 1, 2003 of the Oil-Dri Corporation of America November 15, 1995 Deferred Compensation Plan
(10)(k)[23]	The Oil-Dri Corporation of America 1995 Long Term Incentive Plan as amended and restated effective June 9, 2000.*
(10)(l)[30]	Supplemental Executive Retirement Plan dated April 1, 2003
(10)(m)[17]	$25,000,000 Note Purchase Agreement dated as of April 15, 1998 between Oil-Dri and Teachers Insurance and Annuity Association of America and Cigna Investments, Inc.
(10)(m)(5)[16]	First Amendment, dated as of January 15, 2001 to the Note Agreement dated as of April 15, 1998.
(10)(m)(6)[26]	Second Amendment dated as of July 15, 2002 to Note Agreement dated as of April 15, 1998.
(10)(n)[24]	The Oil-Dri Corporation of America Outside Director Stock Plan as amended and restated effective October 16, 1999.*
(10)(o)[18]	$15,000,000 unsecured, committed line of credit agreement dated January 29, 1999 between the Company and Harris Trust and Savings Bank.
(10)(o)(1)[27]	First Amendment, dated May 30, 2002 to Credit Agreement dated as of January 29, 1999.
(10)(o)(2)[28]	Second Amendment, dated November 22, 2002, to Credit Agreement dated as of January 29, 1999.
(10)(p)[19]	$15,000,000 unsecured, uncommitted line of credit agreement dated January 29, 1999 between the Company and Harris Trust and Savings Bank.

(10)(q)[20] Split Dollar Life Insurance Agreements dated February 26, 1999.*

(10)(r)[21] Agreement ("Church & Dwight Agreement") dated May 19, 1999 between Church & Dwight Co., Inc. and Oil-Dri. (Confidential treatment of certain portions of this Exhibit has been granted.)

(b) Reports on Form 8-K.

The Company filed a Current Report on Form 8-K dated May 29, 2003, reporting that it had issued a press release announcing its third quarter and nine month earnings.

The Company filed a Current Report on Form 8-K dated July 17, 2003, reporting that it had issued a press release announcing its decision to close its Christmas Valley, Oregon facility and transfer existing customers to its newly acquired plant in Taft, California, and other Oil-Dri facilities.

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

(21) Subsidiaries of Oil-Dri.

(23) Consent of PricewaterhouseCoopers, LLP.
Consent of Blackman Kallick Bartelstein, LLP.

(99): Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

____

* Management contract or compensatory plan or arrangement.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[22] Incorporated by reference to Exhibit (10)(j) to Oil-Dri's Annual Report on Form 10-K for the fiscal year ended July 31, 2001.

[23] Incorporated by reference to Exhibit (10)(k) to Oil-Dri's Annual Report on Form 10-K for the fiscal year ended July 31, 2001.

[24] Incorporated by reference to Exhibit (10)(n) to Oil-Dri's Annual Report on Form 10-K for the fiscal year ended July 31, 2001.

[25] Incorporated by reference to Exhibit (10)(h)(2) to Oil-Dri's Annual Report on Form 10-K for the fiscal year ended July 31, 2002.

[26] Incorporated by reference to Exhibit (10)(m)(6) to Oil-Dri's Annual Report on Form 10-K for the fiscal year ended July 31, 2002.

[27] Incorporated by reference to Exhibit (10)(o)(1) to Oil-Dri's Annual Report on Form 10-K for the fiscal year ended July 31, 2002.

[28] Incorporated by reference to Exhibit (10)(o)(2) to Oil-Dri's Quarterly Report on Form 10-Q for the quarter ended January 31, 2003.

[29] Incorporated by reference to Exhibit (10)(j)(1) to Oil-Dri's Quarterly Report on Form 10-Q for the quarter ended April 30, 2003.

[30] Incorporated by reference to Exhibit (10)(1) to Oil-Dri's Quarterly Report on Form 10-Q for the quarter ended April 30, 2003.

Oil-Dri agrees to furnish the following agreements upon the request of the Commission:

Exhibit (4)(b) Letter of Credit Agreement, dated as of October 1, 1988 between Harris Trust and Savings Bank and Blue Mountain Production Company in the amount of $2,634,590 in connection with the issuance by Town of Blue Mountain, Mississippi of Variable/Fixed Rate Industrial Development Revenue Bonds, Series 1988 B (Blue Mountain Production Company Project) in the aggregate principal amount of $2,500,000 and related Indenture of Trust, Lease Agreement, Remarketing Agreement and Guaranties.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Oil-Dri has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

OIL-DRI CORPORATION OF AMERICA
(Registrant)

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

Dated: October 22, 2003

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of Oil-Dri and in the capacities and on the dates indicated:

/s/ Richard M. Jaffee Richard M. Jaffee Chairman of the Board of Directors	October 22, 2003
/s/ Jeffrey M. Libert Jeffrey M. Libert Vice President Chief Financial Officer Principal Financial Officer	October 22, 2003
/s/ Daniel T. Smith Daniel T. Smith Vice President and Controller Principal Accounting Officer	October 22, 2003
/s/ J. Steven Cole J. Steven Cole Director	October 22, 2003
/s/ Arnold W. Donald Arnold W. Donald Director	October 22, 2003
/s/ Ronald B. Gordon Ronald B. Gordon Director	October 22, 2003
/s/ Thomas D. Kuczmarski Thomas D. Kuczmarski Director	October 22, 2003

/s/ Joseph C. Miller — October 22, 2003

Joseph C. Miller
Vice Chairman of the Board of Directors

/s/ Paul J. Miller — October 22, 2003

Paul J. Miller
Director

/s/ Allan H. Selig — October 22, 2003

Allan H. Selig
Director

Report of Independent Auditors on
Financial Statement Schedule

To the Board of Directors and Stockholders
of Oil-Dri Corporation of America:

Our audit of the consolidated financial statements referred to in our report, dated September 12, 2003, appearing in the 2003 Annual Report on Form 10-K of Oil-Dri Corporation of America (which report and consolidated financial statements are incorporated by reference in this Annual Report on Form 10K) also included an audit of the financial statement schedule listed in Item 15(a)(2) of this Form 10-K. In our opinion, this financial statement schedule for the year ended July 31, 2003, presents fairly, in all material respects, the information set forth herein when read in conjunction with the related consolidated financial statements. The financial statements schedules of the Company for the years ended July 31, 2002 and 2001 were audited by other auditors whose report dated September 10, 2002 expressed an unqualified opinion on those statements.

PricewaterhouseCoopers, LLP
Chicago, Illinois
September 12, 2003

SCHEDULE II

OIL-DRI CORPORATION OF AMERICA AND SUBSIDIARIES

VALUATION AND QUALIFYING ACCOUNTS

	Year Ended July 31		
	2003	**2002**	**2001**
		(in thousands)	
Allowance for doubtful accounts:			
Beginning balance	**$ 392**	$ 455	$ 336
Additions charged to expense	**387**	409	142
Deductions*	**338**	472	23
Balance at end of year	**$ 441**	$ 392	$ 455

* Net of recoveries.

	2003	**2002**	**2001**
Inventory obsolescence reserve:			
Beginning balance	$ **341**	$ 356	$ 256
Additions charged to expense	**441**	275	100
Deductions	**214**	290	--
Balance at end of year	**$ 568**	$ 341	$ 356
Valuation reserve for income taxes:			
Beginning balance	**$ 357**	$ --	$ 522
Additions charged to expense	**--**	357	--
Deductions	**--**	--	522
Balance at end of year	**$ 357**	$ 357	$ --

EXHIBITS

Exhibit Number	
Exhibit 11:	Statement Re: Computation of per share earnings
Exhibit 21:	Subsidiaries of Oil-Dri
Exhibit 23:	Consent of PricewaterhouseCoopers, LLP
Exhibit 23:	Consent of Blackman Kallick Bartelstein, LLP
Exhibit 31:	Certifications by Daniel S. Jaffee, President and Chief Executive Officer and Jeffrey M. Libert, Chief Financial Officer, required by Rule 13a-14(a)
Exhibit 99:	Additional Exhibits: Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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

Exhibit 11:

OIL-DRI CORPORATION OF AMERICA
Computation of Net Income Per Share
(in thousands except for per share amounts)

	Year Ended July 31		
	2003	2002	2001
Net income (loss) available to stockholders (numerator)	**$ 3,083**	$(1,094)	$ 913
Shares Calculation (denominator)			
Average shares outstanding – Basic	**5,574**	5,614	5,613
Effect of Dilutive Securities:			
Potential Common Stock relating To stock options	**134**	--	--
Average shares outstanding – Assuming dilution	**5,708**	5,614	5,613
Net Income (Loss) Per Share:			
Basic	**$ 0.55**	$ (0.19)	$ 0.16
Diluted	**$ 0.54**	$ (0.19)	$ 0.16

Exhibit 21:

SUBSIDIARIES OF OIL-DRI

Subsidiary	**State or Country of Incorporation**
Blue Mountain Production Company	Mississippi
Favorite Products Company, Ltd.	Canada
Mounds Management, Inc.	Delaware
Mounds Production Company, LLC	Illinois
Ochlocknee Holding Co., S.A.	Spain
Ochlocknee Mining Co., S.A.	Spain
ODC Acquisition Corp.	Illinois
Oil-Dri Corporation of Georgia	Georgia
Oil-Dri Corporation of Nevada	Nevada
Oil-Dri Production Company	Mississippi
Oil-Dri, S.A.	Switzerland
Oil-Dri (U.K.) Limited	United Kingdom
Phoebe Products Co.	Illinois
Taft Production Company	Delaware

Exhibit 23:

CONSENT OF INDEPENDENT AUDITORS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-87008 and No. 333-87010) of Oil-Dri Corporation of America of our report dated September 12, 2003 relating to the financial statements and financial statement schedule, which appears in this Form 10-K.

PricewaterhouseCoopers, LLP

Chicago, Illinois

October 24, 2003

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the use of our reports and to all references to our Firm included in or by incorporation by reference made a part of the Annual Report on Form 10-K of Oil-Dri Corporation of America for the fiscal year ended July 31, 2002 and the Registration Statement on Form S-8 relating to the 1995 Long Term Incentive Plan and the 1988 Stock Option Plan.

Blackman Kallick Bartelstein, LLP

October 15, 2003

Exhibit 31:

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

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

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

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

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of Oil-Dri as of, and for, the periods presented in this annual 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-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for Oil-Dri and we have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of Oil-Dri's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of July 31, 2003 based on such evaluation; and

   d. Disclosed in this report any change in Oil-Dri's internal control over financial reporting that occurred during Oil-Dri's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, Oil-Dri's internal control over financial reporting; and

5. Oil-Dri's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to Oil-Dri's auditors and the audit committee of Oil-Dri's board of directors:

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect Oil-Dri's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in Oil-Dri's internal control over financial reporting.

Date: October 22, 2003

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

Exhibit 31:

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

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

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

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

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of Oil-Dri as of, and for, the periods presented in this annual 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-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for Oil-Dri and we have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of Oil-Dri's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of July 31, 2003 based on such evaluation; and

   d. Disclosed in this report any change in Oil-Dri's internal control over financial reporting that occurred during Oil-Dri's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, Oil-Dri's internal control over financial reporting; and

5. Oil-Dri's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to Oil-Dri's auditors and the audit committee of Oil-Dri's board of directors:

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect Oil-Dri's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in Oil-Dri's internal control over financial reporting.

Date: October 22, 2003

By: /s/ Jeffrey M. Libert
Jeffrey M. Libert
Chief Financial Officer

Exhibit 99:

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 Annual Report on Form 10-K for the year ended July 31, 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: October 22, 2003

/s/ Daniel S. Jaffee
\- ---------------------
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 Annual Report on Form 10-K for the quarter ended July 31, 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: October 22, 2003

/s/ Jeffrey M. Libert
\- ---------------------
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.