UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 1998

TRANSACTION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from __________ to __________

Commission File Number 1-5627

ITT INDUSTRIES, INC.

Incorporated in the State of Indiana — 13-5158950 (I.R.S. Employer Identification Number)

4 West Red Oak Lane, White Plains, NY 10604
(Principal Executive Office)

Telephone Number: (914) 641-2000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. Yes X No

As of April 30, 1998, there were outstanding 118,445,259 shares of common stock ($1 par value per share) of the registrant.

ITT INDUSTRIES, INC.

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PART I.

Item 1.

FINANCIAL INFORMATION

FINANCIAL STATEMENTS

The following unaudited consolidated condensed financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (SEC) and, in the opinion of management, reflect all adjustments (which include only normal recurring adjustments) necessary for a fair presentation of the financial position, results of operations, and cash flows for the periods presented. Certain information and note disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such SEC rules. The Company believes that the disclosures made are adequate to make the information presented not misleading. Certain amounts in the prior periods' consolidated condensed financial statements have been reclassified to conform with the current period presentation. It is suggested that these financial statements be read in conjunction with the financial statements and notes thereto included in the Company's 1997 Annual Report on Form 10-K.

ITT INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED INCOME STATEMENTS
(In millions, except per share)
(unaudited)

	Three Months Ended March 31, 1998	Three Months Ended March 31, 1997
Net sales	$ 2,143.5	$ 2,166.6
Cost of sales	1,672.2	1,742.7
Selling, general, and administrative expenses	215.4	186.4
Research, development, and engineering expenses	121.0	126.0
Other operating expenses	10.3	8.2
Total costs and expenses	2,018.9	2,063.3
Operating income	124.6	103.3
Interest expense	(39.1)	(33.3)
Interest income	6.6	3.4
Miscellaneous expense, net	(.9)	(.8)
Income before income taxes	91.2	72.6
Income tax expense	(35.6)	(28.3)
Net income	$ 55.6	$ 44.3
Earnings Per Share:		
Net income		
Basic	$ .47	$ .37
Diluted	$ .46	$ .37
Cash dividends declared per common share	$ .15	$ .15

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

ITT INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED BALANCE SHEETS
(In millions, except for shares and per share)

	March 31, 1998 (unaudited)	December 31, 1997
Assets		
Current Assets:		
Cash and cash equivalents	$ 160.1	$ 192.2
Receivables, net	1,473.6	1,252.4
Inventories, net	791.4	812.8
Other current assets	142.8	120.0
Total current assets	2,567.9	2,377.4
Plant, property, and equipment, net	1,906.1	2,024.3
Deferred U.S. income taxes	263.6	258.8
Goodwill, net	1,095.2	1,116.5
Other assets	430.8	443.5
	$ 6,263.6	$ 6,220.5
Liabilities and Shareholders' Equity		
Current Liabilities:		
Commercial paper	$ 1,025.0	$ 698.4
Accounts payable	726.5	848.3
Accrued expenses	896.0	884.3
Accrued taxes	218.2	161.5
Notes payable and current maturities of long-term debt	658.2	952.4
Total current liabilities	3,523.9	3,544.9
Pension and postretirement costs	932.0	938.5
Long-term debt	528.6	532.2
Deferred foreign, state and local income taxes	37.2	31.6
Other liabilities	401.3	351.0
	5,423.0	5,398.2
Shareholders' Equity:		
Cumulative Preferred Stock:		
Authorized 50,000,000 shares, no par value, none issued	---	---
Common stock:		
Authorized 200,000,000 shares, $1 par value per share Outstanding 118,445,259 shares and 118,445,827 shares	118.4	118.4
Capital surplus	391.6	397.0
Accumulated other comprehensive income:		
Unrealized gain on investment securities	1.5	1.6
Cumulative translation adjustments	102.8	116.8
	104.3	118.4
Retained earnings	226.3	188.5
	840.6	822.3
	$ 6,263.6	$ 6,220.5

The accompanying notes to consolidated condensed financial statements are an integral part of the above balance sheets.

ITT INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(In millions)
(unaudited)

	Three Months Ended March 31, 1998	Three Months Ended March 31, 1997
Operating Activities		
Net income	$ 55.6	44.3
Adjustments to net income:		
Depreciation	91.3	99.1
Amortization	17.1	10.9
Change in receivables, inventories, accounts payable, and accrued expenses	(291.7)	(170.7)
Change in accrued and deferred taxes	61.8	43.2
Other, net	(37.6)	26.4
Cash from (used for) operating activities	(103.5)	53.2
Investing Activities		
Additions to plant, property, and equipment	(60.1)	(75.7)
Proceeds from the sale of assets	130.8	2.3
Acquisitions	(7.9)	(7.6)
Other, net	.9	(2.4)
Cash from (used for) investing activities	63.7	(83.4)
Financing Activities		
Short-term debt, net	49.4	111.3
Long-term debt repaid	(10.4)	(121.1)
Repurchase of common stock	(13.6)	(14.7)
Dividends paid	(17.8)	(17.8)
Other, net	7.6	8.9
Cash from (used for) financing activities	15.2	(33.4)
Exchange Rate Effects on Cash and Cash Equivalents	(7.5)	3.2
Decrease in cash and cash equivalents	(32.1)	(60.4)
Cash and cash equivalents- beginning of period	192.2	121.9
Cash and cash equivalents- end of period	$ 160.1	$ 61.5
Supplemental Disclosures of Cash Flow Information:		
Cash paid (received) during the period for:		
Interest	$ 33.2	$ 27.0
Income taxes	$ (10.1)	$ (6.5)

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

ITT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

(In millions, except per share, unless otherwise stated)

1) Receivables, net

Receivables consist of the following:

	March 31, 1998	December 31, 1997
Trade	$ 1,490.1	$ 1,265.8
Accrued for completed work	23.0	26.8
Less reserves	(39.5)	(40.2)
	$ 1,473.6	$ 1,252.4

2) Inventories, net

Inventories consist of the following:

	March 31, 1998	December 31, 1997
Finished goods	$ 293.5	$ 352.4
Work in process	533.5	438.8
Raw materials	309.0	340.6
Less--reserves	(136.9)	(85.0)
--progress payments	(207.7)	(234.0)
	$ 791.4	$ 812.8

3) Plant, Property, and Equipment, net

Plant, property, and equipment consist of the following:

	March 31, 1998	December 31, 1997
Land and improvements	$ 108.1	$ 110.5
Buildings and improvements	663.2	688.7
Machinery and equipment	2,824.8	2,932.6
Construction work in progress	293.3	303.2
Other	508.2	495.4
	4,397.6	4,530.4
Less--accumulated depreciation and Amortization	(2,491.5)	(2,506.1)
	$ 1,906.1	$ 2,024.3

4) New Accounting Pronouncement

In June of 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard ("SFAS") 130, "Reporting Comprehensive Income", which is effective for financial statements for fiscal years beginning after December 15, 1997. SFAS 130 requires the disclosure of comprehensive income, which includes, in addition to net income, other comprehensive income consisting of unrealized gains and losses which bypass the traditional income statement and are recorded directly into a separate section of shareholders' equity on the balance sheet. The components of other comprehensive income for ITT Industries, Inc. consist of unrealized gains and losses relating to the translation of foreign currency financial statements, hedges of net foreign investments, and certain investment securities.

	Comprehensive Income Three Months Ended March 31	
	1998	1997
Net income	$ 55.6	$ 44.3
Other comprehensive income:		
Foreign currency translation adjustments	(15.0)	20.6
Unrealized losses on investment securities	(.1)	--
Other comprehensive income/(loss), before tax	(15.1)	20.6
Income tax related to other comprehensive income	1.0	(3.1)
Other comprehensive income, after tax	(14.1)	17.5
Comprehensive income	$ 41.5	$ 61.8

5) Calculation of Earnings Per Share

	Three Months Ended March 31, 1998	1997
BASIC BASIS		
Net income	$ 55.6	$ 44.3
Average common shares outstanding	118.4	118.4
Earnings Per Share	$ .47	.37
DILUTED BASIS		
Net income	$ 55.6	$ 44.3
Average common shares outstanding	118.4	118.4
Add: Stock options	3.2	2.2
Average common shares outstanding on a diluted basis	121.6	120.6
Earnings Per Share	$ .46	$ .37

6) Subsequent Event

On April 13, 1998, the Company completed the sale of its Barton fluid measurement business to Barton Instrument Systems, L.L.C., an affiliate of American Commercial Holdings, Inc. of Lexington, Kentucky. The cash proceeds from the sale were $31.4 million.

The Barton unit produces process measurement instruments and systems, most notably for the oil and gas industry. It had 1997 sales of approximately $78 million, and employs 550 people at five locations in the U.S., Canada, and Great Britain.

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

Results of Operations

Three months ended March 31, 1998 compared with three months ended March 31, 1997

Net income of $55.6 million, or $.46 per diluted share, compared with net income of $44.3 million, or $.37 per diluted share, reported in the first quarter of 1997. The increase in net income was attributable to higher earnings from all three of the Company's major businesses, the absence of losses on companies held for disposition, and the recognition of a $20.0 million pre-tax gain on the sale of the Company's Precision Die Casting (PDC) business. The previous factors more than offset higher interest expense and $20.1 million of pre-tax accruals for anticipated legal expenses and losses on the divestitures of non-core businesses.

Net sales for the first quarter of 1998 declined slightly from the first quarter of 1997. The decline in sales was mainly due to the divestitures of the semiconductors unit and selected businesses of the automotive unit and unfavorable foreign exchange translation, which more than offset sales increases from the acquisitions of Goulds Pumps and Kaman Sciences and volume gains at the Automotive and Defense & Electronics units. Selling, general and administrative expenses of $215.4 million compared to $186.4 million last year. The increase from last year was primarily due to the acquisition of Goulds Pumps. Operating margin of 5.8% improved significantly from 4.8% last year due to continuing operational rationalization and cost cutting as well as the substitution of higher margin acquisitions for lower margin divestitures. Operating profit was $124.6 million in the first quarter of 1998, compared to $103.3 million last year.

Interest expense for the first quarter of 1998 was $39.1 million, compared with $33.3 million in the first quarter of 1997. The increase in interest expense was due to a higher average level of debt which more than offset a lower average interest rate resulting from a debt restructuring. Interest income was $6.6 million in the current quarter, compared to $3.4 million in the prior quarter, a result of maintaining higher cash balances.

The effective income tax rates for both quarters was 39%. Income tax expense increased to $35.6 million due to higher pre-tax earning.

Business Segments - Unaudited sales and operating income of the Company's business segments were as follows for the three months ended March 31, 1998, and 1997 (in millions):

Three months ended March 31,1998	Automotive	Defense & Electronics	Fluid Technology	Dispositions &Other	Corporate & Other	Grand Total
Net Sales	$1,192.7	$473.6	$472.4	$4.8	$ -	$2,143.5
Operating Income:						
Before non-recurring items	75.5	30.0	35.1	0.6	(16.5)	124.7
Non-recurring items	20.0	---	---	---	(20.1)	(0.1)
Total operating income	$ 95.5	$ 30.0	$ 35.1	$0.6	$(36.6)	$ 124.6

[CAPTION]

Three months ended March 31,1997	Automotive	Defense & Electronics	Fluid Technology	Dispositions & Other	Corporate & Other	Grand Total
Net Sales	$1,393.0	$409.3	$307.5	$56.8	$ ---	$2,166.6
Operating Income:						
Before non-recurring items	74.0	25.1	23.9	(4.7)	(15.0)	103.3
Non-recurring items	-----	-----	-----	-----	----	-----
Total operating income	$ 74.0	$ 25.1	$ 23.9	$(4.7)	$(15.0)	$ 103.3

Automotive's revenues decreased 14.4% from the prior year mainly due to divestitures and unfavorable foreign currency translation, which more than offset volume gains for the brakes and switches businesses. Operating income, excluding a non-recurring $20.0 million pre-tax gain on the sale of PDC, was up $1.5 million from the prior year, providing an improved margin of 6.3%, compared to 5.3% in the prior year. The improvement in operating margin was mainly due to continued cost reductions and the divestiture of less profitable operations, which more than offset lower prices.

ITT Defense & Electronics' revenue was up 15.7% from the prior year principally due to stronger international sales and the acquisition of Kaman Sciences, now called ITT Systems & Sciences. Operating income was 19.5% higher in the 1998 period mainly due to higher volume and productivity improvements.

ITT Fluid Technology's 1998 first quarter sales increased 53.6% compared to the first quarter of 1997. The improvement was primarily due to the acquisition of Goulds Pumps in May 1997, which more than offset poor market conditions in Asia, weak demand in the petrochemical and mining segments, and unfavorable foreign currency translation. Operating income increased $11.2 million primarily due to higher volumes resulting from the Goulds Pumps acquisition.

Liquidity and Capital Resources

Divestiture proceeds of $130.8 million and net borrowings of $39 million were used primarily for operating activities of $103.5 million, capital expenditures of $60.1 million, acquisitions of $7.9 million, dividend payments of $17.8 million and repurchases of common stock of $13.5 million.

Cash Flows: Cash used for operating activities in the first quarter of 1998 was $103.5 million, a decrease of $156.7 million from the first quarter of 1997. The increase in working capital requirements in the first quarter of 1998 was largely due to the timing of the fiscal close of the quarter and the collection of a large single payment at Automotive, as well as differences in advance payments at Defense & Electronics. The increase in cash flows from the change in accrued and deferred taxes in the first quarter of 1998 is mostly due to differences in the timing of tax payments and receipts of refunds. The decrease in other, net operating activities was mainly due to prepayments for insurance and other items, and a larger reclassification of gains from asset sales, resulting primarily from the sale of PDC, to proceeds from the sale of assets.

Debt and Credit Facilities: External debt at March 31, 1998 was $2.21 billion, compared with $2.18 billion at December 31,1997. Cash and cash equivalents were $160.1 million at March 31, 1998, compared to $192.2 million at year end 1997. The maximum amount of borrowing available under the Company's revolving credit agreements at March 31, 1998 was $1.5 billion.

Additions to Plant, Property and Equipment: Capital expenditures during the first quarter of 1998 were $60.1 million, a decrease of $15.6 million from the first quarter of 1997. Most of the decrease was at Automotive.

Acquisitions: During the first quarter of 1998, the Company acquired two small companies - one at Defense & Electronics and one at Fluid Technology.

Divestitures: During the first quarter of 1998, the Company had two Automotive-related divestitures - PDC and a Plant at Nuevo Laredo, Mexico, which generated most of the proceeds from the sale of assets of $130.8 million.

Strategic Review

On March 18, 1998, ITT Industries, Inc. announced that it was putting much of its automotive unit under strategic review. The strategic review consists of an examination of all strategic alternatives, including the possible sale of one or more major lines of business. The lines of business originally involved in this review were those involved in the engineering, manufacturing and marketing of automotive brakes, chassis modules and electrical systems in the U.S. and abroad. The automotive switch business was also added to this review. The total 1997 sales of the operations under review were approximately $4.1 billion. Proceeds from any sale would be used to finance share repurchases, pay down debt, further internal and/or external growth of core businesses, or some combination of those uses. The Company expects to announce the status of the strategic review in the summer. The strategic review does not include the automotive fluid handling, friction and shock absorber businesses.

Forward-Looking Statements

Certain material presented herein consists of forward-looking statements which involve known and unknown risks, uncertainties and other important factors that could cause actual results to differ materially from those expressed in or implied from such forward-looking statements. Such factors include those set forth in Item 1. Business and Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Forward-Looking Statements in the ITT Industries, Inc. Form 10-K Annual Report for the fiscal year ended December 31, 1997 and other of its filings with the Securities and Exchange Commission.

Part II.

OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) See the Exhibit Index for a list of exhibits filed herewith.

(b) ITT Industries did not file any Form 8-K Current Reports during the quarter for which this Report is filed.

SIGNATURE

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

ITT INDUSTRIES, INC.
(Registrant)

By /s/ Richard J. Townsend

Richard J. Townsend
Vice President and Controller
(Principle accounting officer)

May 1, 1998
(Date)

EXHIBIT INDEX

Exhibit No.	Description	Location
(2)	Plan of acquisition, reorganization, arrangement, liquidation or Succession	None
(3)	Articles of Incorporation and by-laws	None
(4)	Instruments defining the rights of security holders, including Indentures	None
(10)	Material contracts	None
(12)	Statements re: computation of ratios Calculation of ratio of earnings to total fixed charges	Filed Herewith
(15)	Letter re: unaudited interim financial information	None
(18)	Letter re: change in accounting principles	None
(19)	Report furnished to security holders	None
(22)	Published report regarding matters submitted to vote of security holders	None
(23)	Consents of experts and counsel	None
(24)	Power of attorney	None
(27)	Financial Data Schedule	Filed Herewith
(99)	Additional Exhibits	None

EXHIBIT 12

ITT INDUSTRIES, INC. AND SUBSIDIARIES

CALCULATION OF RATIOS OF EARNINGS TO TOTAL FIXED CHARGES AND CALCULATION OF EARNINGS TO TOTAL FIXED CHARGES AND PREFERRED DIVIDEND REQUIREMENTS
(Dollars in millions)

	Three Months Ended March 31,		Years Ended December 31,				
	1998	1997	1997	1996	1995	1994	1993
Earnings:							
Income from continuing operations	$ 55.6	$ 44.3	$ 108.1	$ 222.6	$ 20.7	$201.6	$134.8
Add(deduct):							
Adjustment for distributions in excess of (less than) undistributed equity earnings and losses a)	.4	.5	1.3	1.9	.6	--	(2.6)
Income taxes	35.6	28.3	72.7	148.4	50.2	147.5	65.1
Amortization of interest capitalized	.1	.2	.4	.9	2.5	.7	3.9
	91.7	73.3	182.5	373.8	74.0	349.8	201.2
Fixed Charges:							
Interest and other financial charges	39.1	33.3	135.4	169.0	175.2	115.2	154.0
Interest factor attributable to rentals b)	9.1	7.7	36.3	30.9	29.0	22.0	24.2
	48.2	41.0	171.7	199.9	204.2	137.2	178.2
Earnings, as adjusted, from continuing Operations	$139.8	$114.3	$354.2	$573.7	$278.2	$487.0	$379.4
Fixed Charges:							
Fixed charges above	$ 48.2	$ 41.0	$171.7	$199.9	$204.2	$137.2	$178.2
Interest capitalized	--	--	1.1	1.1	2.9	6.8	8.0
Total fixed charges	48.2	41.0	172.8	201.0	207.1	144.0	186.2
Dividends on preferred stock (pre-income tax basis) c)	--	--	--	--	23.4	47.5	50.0
Total fixed charges and preferred dividend requirements	$ 48.2	$ 41.0	$172.8	$201.0	$230.5	$191.5	$236.2
Ratios:							
Earnings, as adjusted, from continuing Operations to total fixed charges	2.90	2.79	2.08	2.85	1.34	3.38	2.04
Earnings, as adjusted, from continuing Operations to total fixed charges and Preferred dividend requirements	2.90	2.79	2.08	2.85	1.21	2.54	1.61

Notes:

a) The adjustment fordistributions in excess of (less than) undistributed equity earnings and losses represents the adjustment to income for distributions in excess of (less than) undistributed earnings and losses of companies in which at least 20% but less than 50% equity is owned.

b) One-third of rental expense is deemed to be representative of interest factor in rental expense.

c) The dividend requirements on preferred stock have been determined by adding to the total preferred dividends an allowance for income taxes, calculated at the effective income tax rate.

EXHIBIT 27

ITT INDUSTRIES, INC. AND SUBSIDIARIES

FINANCIAL DATA SCHEDULE

(In millions)

This schedule contains summary financial information extracted from the March 31, 1998 Financial Statements included in Form 10-Q and is qualified in its entirety by reference to such Financial Statements.

COMMERCIAL AND INDUSTRIAL COMPANIES

1,000

3-MOS
DEC-31-1998
MAR-31-1998
160,100
0
1,513,100
39,500
791,400
2,567,900
4,397,600
2,491,500
6,263,600
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528,600
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0
118,400
722,200
6,263,600
2,143,500
2,143,500
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225,700
1,100
39,100
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.46