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 June 30, 1999

[ ] 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 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 July 31, 1999, there were outstanding 87,914,595 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 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 1998 Annual Report on Form 10-K.

ITT INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED INCOME STATEMENTS
(IN MILLIONS, EXCEPT PER SHARE)
(UNAUDITED)

	THREE MONTHS ENDED JUNE 30, 1999	THREE MONTHS ENDED JUNE 30, 1998
Sales and revenues	$ 1,191.7	$ 1,125.3
Costs of sales and revenues	838.3	795.3
Selling, general, and administrative expenses	170.1	180.9
Research, development, and engineering expenses	70.2	55.1
Restructuring and nonrecurring items	---	10.7
Other operating expense (income)	1.9	2.1
Total costs and expenses	1,080.5	1,044.1
Operating income	111.2	81.2
Interest expense	(18.9)	(34.3)
Interest income	7.8	4.0
Miscellaneous income (expense), net	.5	(1.3)
Income from continuing operations before income taxes	100.6	49.6
Income tax expense	(37.3)	(19.4)
Income from continuing operations	63.3	30.2
Discontinued operations:		
Operating income, net of tax of $25.0 and $55.4	---	39.1
Net income	$ 63.3	$ 69.3
EARNINGS PER SHARE:		
Income from continuing operations		
Basic	$ .72	$ .25
Diluted	.70	.25
Discontinued operations		
Basic	---	.34
Diluted	---	.32
Net income		
Basic	.72	.59
Diluted	.70	.57
Cash dividends declared per common share	$ .15	$ .15

	SIX MONTHS ENDED JUNE 30, 1999	SIX MONTHS ENDED JUNE 30, 1998
Sales and revenues	$ 2,283.4	$ 2,224.5
Costs of sales and revenues	1,613.2	1,572.1
Selling, general, and administrative expenses	338.8	359.8
Research, development, and engineering expenses	136.2	127.1
Restructuring and nonrecurring items	---	30.8
Other operating expense (income)	8.1	7.2
Total costs and expenses	2,096.3	2,097.0
Operating income	187.1	127.5
Interest expense	(37.8)	(73.4)
Interest income	17.8	10.6
Miscellaneous income (expense), net	.9	(2.0)
Income from continuing operations before income taxes	168.0	62.7
Income tax expense	(62.2)	(24.5)

Income from continuing operations....................	105.8	38.2
Discontinued operations:		
Operating income, net of tax of $25.0 and $55.4	---	86.7
Net income..	$ 105.8	$ 124.9
EARNINGS PER SHARE:		
Income from continuing operations		
Basic..	$ 1.17	$ .32
Diluted..	1.13	.31
Discontinued operations		
Basic..	---	.73
Diluted..	---	.72
Net income		
Basic..	1.17	1.05
Diluted..	1.13	1.03
Cash dividends declared per common share............	$ .30	$ .30

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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)

	JUNE 30, 1999 (UNAUDITED)	DECEMBER 31, 1998
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 128.4	$ 880.9
Receivables, net	850.3	842.6
Inventories, net	576.0	578.9
Other current assets	83.2	80.0
Total current assets	1,637.9	2,382.4
Plant, property, and equipment, net	870.8	991.6
Deferred U.S. income taxes	346.6	367.4
Goodwill, net	872.4	865.3
Other assets	435.2	442.1
	$ 4,162.9	$ 5,048.8
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 361.2	$ 396.2
Accrued expenses	791.6	932.9
Accrued taxes	305.1	570.1
Notes payable and current maturities of long-term debt	167.8	251.6
Total current liabilities	1,625.7	2,150.8
Pension benefits	113.3	178.0
Postretirement benefits other than pensions	281.4	241.9
Long-term debt	510.5	515.5
Other liabilities	609.9	662.6
	3,140.8	3,748.8
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 87,914,595 shares and 95,967,976 shares	87.9	96.0
Capital surplus	--	--
Accumulated other comprehensive income (loss):		
Unrealized gain (loss) on investment securities	0.7	(0.5)
Cumulative translation adjustments	(85.0)	(67.0)
	(84.3)	(67.5)
Retained earnings	1,018.5	1,271.5
	1,022.1	1,300.0
	$ 4,162.9	$ 5,048.8

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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)

	SIX MONTHS ENDED JUNE 30, 1999	SIX MONTHS ENDED JUNE 30, 1998
OPERATING ACTIVITIES		
Net income	$ 105.8	$ 124.9
Discontinued operations:		
Operating income	---	(86.7)
Income from continuing operations	105.8	38.2
Adjustments to income from continuing operations:		
Depreciation	75.6	84.9
Amortization	16.9	18.7
Restructuring and nonrecurring charges	---	45.8
Payments made for restructuring	(31.6)	---
Change in receivables, inventories, accounts payable, and accrued expenses	(81.0)	(87.0)
Change in accrued and deferred taxes	14.8	31.0
Other, net	(13.2)	(41.9)
Cash from (used for) operating activities	87.3	89.7
INVESTING ACTIVITIES		
Additions to plant, property, and equipment	(95.8)	(74.1)
Proceeds from sale of assets	36.4	38.0
Acquisitions	(78.7)	(71.2)
Other, net	6.5	3.3
Cash from (used for) investing activities	(131.6)	(104.0)
FINANCING ACTIVITIES		
Short-term debt, net	(12.5)	27.7
Long-term debt repaid	(39.4)	(15.7)
Long-term debt issued	1.4	.4
Repurchase of common stock	(383.4)	(25.4)
Dividends paid	(29.2)	(35.5)
Other, net	21.2	15.7
Cash from (used for) financing activities	(441.9)	(32.8)
EXCHANGE RATE EFFECTS ON CASH AND CASH EQUIVALENTS	(11.8)	(1.1)
CASH FROM (USED FOR) DISCONTINUED OPERATIONS	(254.5)	(2.9)
Decrease in cash and cash equivalents	(752.5)	(51.1)
Cash and cash equivalents -- beginning of period	880.9	192.2
Cash and cash equivalents -- end of period	$ 128.4	$ 141.1
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the period from Continuing Operations:		
Interest	$ 34.4	$ 70.7
Income taxes	$ 25.9	$ 13.7

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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

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(IN MILLIONS, EXCEPT PER SHARE, UNLESS OTHERWISE STATED)

1) RESTRUCTURING: At December 31, 1998, the reserve balance for restructuring actions was $138.4 million. In the first six months of 1999, the Company made cash payments of $31.6 million, and recorded $1.1 million of reversals and $1.5 million of other items. The reserve balance at June 30, 1999 for restructuring was $104.2 million. As reported in the 1998 Annual Report, restructuring activities include plans to reduce workforce by 2,422 persons. At June 30, 1999, cumulative headcount reductions were 1,177 persons. The restructuring activities are progressing according to plans as discussed in the 1998 Annual Report.

2) RECEIVABLES, NET

Receivables consist of the following:

	JUNE 30, 1999	DECEMBER 31, 1998
Trade	$ 790.8	$ 753.5
Other	80.7	111.8
Less reserves	(21.2)	(22.7)
	$ 850.3	$ 842.6

3) INVENTORIES, NET

Inventories consist of the following:

	JUNE 30, 1999	DECEMBER 31, 1998
Finished goods	$ 206.6	$ 206.2
Work in process	465.1	511.6
Raw materials	196.7	209.8
Less -- reserves	(112.4)	(115.0)
-- progress payments	(180.0)	(233.7)
	$ 576.0	$ 578.9

4) PLANT, PROPERTY, AND EQUIPMENT, NET

Plant, property, and equipment consist of the following:

	JUNE 30, 1999	DECEMBER 31, 1998
Land and improvements	$ 71.7	$ 51.5
Buildings and improvements	319.9	346.7
Machinery and equipment	1,110.5	1,295.8
Construction work in progress	107.4	103.9
Other	523.7	509.1
	2,133.2	2,307.0
Less -- accumulated depreciation and amortization	(1,262.4)	(1,315.4)
	$ 870.8	$ 991.6

ITT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS -- (CONTINUED)
(IN MILLIONS, EXCEPT PER SHARE, UNLESS OTHERWISE STATED)

5) COMPREHENSIVE INCOME

	THREE MONTHS ENDED JUNE 30,	
	1999	1998
Net income:		
Continuing operations	$ 63.3	$ 30.2
Discontinued operations	---	39.1
Total	63.3	69.3
Other comprehensive income (loss):		
Foreign currency translation adjustments	11.3	3.7
Unrealized gain (loss) on investment securities	0.9	0.5
Other comprehensive income (loss), before tax	12.2	4.2
Income tax related to other comprehensive income	(7.3)	(2.9)
Other comprehensive income (loss), after tax	4.9	1.3
Comprehensive income	$ 68.2	$ 70.6

	SIX MONTHS ENDED JUNE 30,	
	1999	1998
Net income:		
Continuing operations	$ 105.8	$ 38.2
Discontinued operations	--	86.7
Total	105.8	124.9
Other comprehensive income (loss):		
Foreign currency translation adjustments	(7.5)	(11.3)
Unrealized gain (loss) on investment securities	1.2	0.4
Other comprehensive income (loss), before tax	(6.3)	(10.9)
Income tax related to other comprehensive income	(10.5)	(1.9)
Other comprehensive income (loss), after tax	(16.8)	(12.8)
Comprehensive income	$ 89.0	$ 112.1

6) CALCULATION OF EARNINGS PER SHARE

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1999	1998	1999	1998
BASIC BASIS --				
Income from continuing operations	$63.3	$ 30.2	$105.8	$ 38.2
Average common shares outstanding	87.9	118.4	90.2	118.4
Earnings Per Share	$ .72	$ .25	$ 1.17	$ .32
DILUTED BASIS --				
Income from continuing operations	$63.3	$ 30.2	$105.8	$ 38.2
Average common shares outstanding	87.9	118.4	90.2	118.4
Add: Stock options	2.9	3.7	3.2	3.4
Average common shares outstanding- diluted basis	90.8	122.1	93.4	121.8
Earnings Per Share	$ .70	$ .25	$ 1.13	$ .31

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

RESULTS OF OPERATIONS

THREE MONTHS ENDED JUNE 30, 1999 COMPARED WITH THREE MONTHS ENDED JUNE 30, 1998

Net income from continuing operations for the second quarter of 1999 was $63.3 million, or $.70 per diluted share. This compares to $36.7 million, or $.30 per diluted share, excluding nonrecurring items of $6.5 million ($10.7 before tax), from the comparable period last year. The increase in net income of $26.6 million was attributable to higher operating income resulting from restructuring and other cost reduction initiatives and a significant reduction in interest expense.

Sales and revenues for the second quarter of 1999 increased $66.4 million from the second quarter of 1998 due to an increase of $65.8 million in our Defense Products & Services segment and an increase of $32.4 million in our Specialty Products segment. These increases were partially offset by decreases of $9.5 million in our Connectors & Switches segment and a decrease of $13.4 million in our Pumps & Complementary Products segment. Selling, general and administrative expenses decreased $10.8 million from last year primarily due to cost reduction initiatives. Second quarter 1998 had a nonrecurring charge of $10.7 million consisting of a $25.7 million charge for the shut down of a pump manufacturing facility in Cincinnati, Ohio and a $15.0 million gain on the sale of the Barton fluid measurement business. Excluding these items, operating margin for the second quarter of 1999 increased 1.2 percentage points compared to the same period last year.

Interest expense, net of interest income, decreased $19.2 million in the second quarter of 1999 compared to last year. The decrease was due to using a portion of the proceeds from the automotive sales to significantly lower the Company's debt level.

The effective income tax rate for the second quarter of 1999 was 37%, compared with 39% for the second quarter of 1998. The reduction in the effective income tax rate is due to implementation of tax planning strategies.

Business Segments - Sales and revenues and operating income of the Company's business segments for the three months ended June 30, 1999, and 1998 were as follows (in millions):

Three months ended June 30, 1999	Connectors & Switches	Defense Products & Services	Pumps & Complementary Products	Specialty Products	Dispositions, Other & Eliminations	Corporate	Grand Total
Sales and revenues	$ 123.8	$ 376.7	$ 441.3	$246.8	$ 3.1	$ -----	$1,191.7
Operating Income	$ 16.7	$ 27.5	$ 43.0	$ 41.1	$ 0.2	$ (17.3)	$ 111.2
Three months ended June 30, 1998							
Sales and revenues	$ 133.3	$ 310.9	$ 454.7	$214.4	$12.0	$ -----	$1,125.3
Operating Income	$ 13.6	$ 25.6	$ 13.0	$ 28.4	$16.9	$ (16.3)	$ 81.2

Connectors & Switches' sales and revenues decreased $9.5 million compared with the second quarter of 1998 due to softness in the military, aerospace and commercial aircraft businesses. This was partially offset by growth in the switches business. Operating income increased $3.1 million, despite the decline in sales and revenues, due to restructuring efforts and cost reduction initiatives.

Defense Products & Services' sales and revenues for the second quarter of 1999 increased $65.8 million compared with the second quarter of 1998 due to increased sales of our SINCGARS and Night Vision products, as well as a $25.6 million claim settlement on a prior year project in our aerospace and communications division. Operating income increased $1.9 million in the second quarter of 1999 compared with the same period last year mainly due to higher sales volume. The receipt of a $5.3 million settlement positively impacted second quarter 1999 operating income. In the second quarter of 1999, the Company recorded $28.3 million in charges for loss contracts, warranty provisions, asset impairments and other matters.

Pumps & Complementary Products' sales for the second quarter of 1999 decreased $13.4 million compared with the same period last year. Lower sales were primarily due to weakness in the industrial end-use markets. Operating income increased $4.3 million in the second quarter of 1999 compared with the second quarter of 1998 due to cost reduction initiatives. This increase excludes a 1998 restructuring charge of $25.7 million for the shut down of a pump manufacturing facility in Cincinnati, Ohio.

Specialty Products' sales for the second quarter of 1999 increased $32.4 million compared with the second quarter of 1998. The increase is due to higher automotive build rates in North America, increased market share in Europe and the impact of the General Motors strike last year. Operating income increased $12.7 million in the second quarter of 1999 compared with the same period last year due to higher sales volume.

Corporate expenses increased $1.0 million in the second quarter of 1999 compared to last year mainly due to expenses recorded in the current period for tax organization costs, terminated projects and other matters offset by lower costs due to corporate restructuring efforts initiated in the fourth quarter of 1998.

SIX MONTHS ENDED JUNE 30, 1999 COMPARED WITH SIX MONTHS ENDED JUNE 30, 1998

Net income from continuing operations was $105.8 million, or $1.13 per diluted share. This compares to $57.0 million of net income or $0.47 per diluted share, excluding nonrecurring items of $18.8 million ($30.8 before tax), for 1998. The increase in net income of $48.8 million was mainly attributable to restructuring and other cost saving initiatives and a significant reduction in interest expense.

Sales and revenues for the first six months of 1999 increased $58.9 million from the first six months of 1998 primarily due to an increase of $55.5 million in our Defense Products & Services segment and an increase of $68.0 million in our Specialty Products segment. These increases were partially offset by decreases of $20.4 million in our Connectors & Switches segment and $13.1 million in our Pumps & Complementary Products segment. Selling, general and administrative expenses decreased $21.0 million compared to last year primarily due to cost reduction initiatives. The first six months of 1998 had nonrecurring charges of $30.8 million. This consisted of $25.7 million for the closure of a plant and $20.1 million of accruals for anticipated legal expenses and losses on the divestitures of non-core businesses. These costs were partially offset by a $15.0 million gain on the sale of Barton. Excluding nonrecurring charges, operating margin increased 1.0 percentage point from the first six months of 1998.

Interest expense, net of interest income, decreased $42.8 million in the first six months of 1999 compared to last year. The decrease was due to using a portion of the proceeds from the automotive sales to significantly lower the Company's debt level.

The effective income tax rate for the first six months of 1999 was 37%, compared with 39% for the same period last year. The reduction in the effective income tax rate is due to implementation of tax planning strategies.

Business Segments - Sales and revenues, operating income and total assets of the Company's business segments for the six months ended June 30, 1999, and 1998 were as follows (in millions):

Six months ended June 30, 1999	Connectors & Switches	Defense Products & Services	Pumps & Complementary Products	Specialty Products	Dispositions, Other & Eliminations	Corporate	Grand Total
Sales and revenues	$ 245.0	$ 703.3	$ 842.8	$486.8	$ 5.5	$ -----	$2,283.4
Operating Income	$ 27.2	$ 46.1	$ 72.4	$ 72.3	$ 0.4	$ (31.3)	$ 187.1
Total Assets	$ 303.5	$ 594.9	$1,750.1	$610.7	$ 138.2	$ 765.5	$4,162.9
Six months ended June 30, 1998							
Sales and revenues	$ 265.4	$ 647.8	$ 855.9	$418.8	$ 36.6	$ -----	$2,224.5
Operating Income	$ 24.2	$ 44.2	$ 42.1	$ 51.7	$ 18.2	$ (52.9)	$ 127.5
Total Assets	$ 327.9	$ 561.2	$1,804.8	$610.3	$1,281.8 (a)	$ 514.5	$5,100.5

(a) Includes net assets from discontinued operations of $1,014.2.

Connectors & Switches' sales and revenues decreased $20.4 million from the prior year mainly due to weak demand in the connectors business in Europe and North America. This was partially offset by growth in the switches business. Operating income increased $3.0 million from the prior year mainly due to restructuring and cost reduction initiatives.

Defense Products & Services' sales and revenues increased $55.5 million from the prior year principally due to a $25.6 million claim settlement on a prior year project in our aerospace and communications division and higher sales volume in our Night Vision unit. Due to capacity restrictions, delayed first quarter shipments in our aerospace and communications division will be made up throughout the remainder of the year. Operating income was $1.9 million higher in the first six months of 1999 compared to the same period last year mainly due to higher sales volume. The receipt of a $5.3 million settlement positively impacted the first half of 1999 operating income. In the first half of 1999, the Company recorded $28.3 million in charges for loss contracts, warranty provisions, asset impairments and other matters.

Pumps & Complementary Products' sales decreased $13.1 million compared to the same period last year. The decrease was primarily due to weakness in the industrial end-use markets. Operating income increased $4.6 million compared to 1998 due to cost reduction initiatives. This increase excludes a 1998 restructuring charge of $25.7 million for the shut down of a pump manufacturing facility in Cincinnati, Ohio.

Specialty Products' sales increased $68.0 million compared to the same period last year. The increase is primarily due to higher automotive build rates in North America, increased market share in Europe, the impact of the General Motors strike last year and $14.9 million due to the acquisition of Rule Industries, Inc. in June 1998. Operating income for the first six months of 1999 increased $20.6 million compared to last year due to higher sales volume and cost reduction initiatives.

Corporate expenses, excluding a $20.1 million charge for restructuring recorded in the first quarter of 1998, decreased $1.5 million in the first six months of 1999 compared to the comparable period. Expenses recorded in the second quarter of 1999 for tax organization costs, terminated projects and other matters were more than offset by lower costs due to corporate restructuring efforts initiated in the fourth quarter of 1998.

LIQUIDITY AND CAPITAL RESOURCES

Cash from operating activities of $87.3 million, divestiture proceeds of $36.4 million and $752.5 million of cash and cash equivalents were used primarily for repurchases of common stock of $383.4 million, capital expenditures of $95.8 million, acquisitions of $78.7 million, dividend payments of $29.2 million, and $254.5 million for costs related to discontinued operations.

STATUS OF RESTRUCTURING ACTIVITIES: On December 2, 1998, the Company announced plans to close facilities, discontinue product lines and reduce headcount. As of June 30, 1999, the Company had closed 9 of the planned 16 facilities, discontinued 19 product lines, which exceeded the 14 planned, and reduced the workforce by 1,177, or approximately 48.6% of the planned 2,422 persons.

CASH FLOWS: Cash from operating activities in the first six months of 1999 was $87.3 million, a decrease of $2.4 million from the first six months of 1998. The first six months of 1999 reflect cash payments of $31.6 million for restructuring. This is offset by lower other net operating activities in the first six months of 1999 of $28.7 million compared to the comparable period last year, mainly due to prepayments for insurance and pension expenses last year. The Company typically experiences an increase in working capital requirements in the first six months of the year that turns around in the fourth quarter.

ADDITIONS TO PLANT, PROPERTY AND EQUIPMENT: Capital expenditures during the first six months of 1999 were $95.8 million, an increase of $21.7 million from the first six months of 1998. The majority of the increase was in our Defense Products & Services segment related to the purchase of a building.

ACQUISITIONS: During the first six months of 1999 the Company acquired Water Pollution Control Corporation, Hydro Air Industries, Inc. and made an equity investment in EarthWatch Inc. The aggregate of these investments was $78.7 million, net of cash acquired of $1.8 million. During the first six months of 1998, the Company acquired Rule Industries, Inc. for $63.3 million and two other small companies.

DIVESTITURES: During the first six months of 1999, the Company had one divestiture, Palm Coast Utility, that generated $25.8 million of cash. The remaining $10.6 million of proceeds from the sale of assets for the first six months of 1999, represents plant, property and equipment sales across all of our businesses. During the first six months of 1998, most of the proceeds from the sale of assets were from the divestiture of Barton, which generated $34.9 million of cash.

SHARE REPURCHASE: The Company's $1.1 billion stock repurchase program was completed in the first quarter of 1999. During the course of the program, initiated in July of 1998, ITT Industries repurchased 30.5 million of its shares on the open market, at an average price of approximately $36 per share.

DEBT AND CREDIT FACILITIES: External debt at June 30, 1999 was $678.3 million, compared with $767.1 million at December 31,1998. Cash and cash equivalents were $128.4 million at June 30, 1999, compared to $880.9 million at year end 1998. On June 30, 1999, the Company announced that it will redeem all of its outstanding 8 3/4% senior debentures due March 1, 2006 and 9 1/4% senior debentures due July 15, 2001 on August 1, 1999. The maximum amount of borrowing available under the Company's revolving credit agreements at June 30, 1999 was $1.5 billion.

NEW ACCOUNTING STANDARD: In June 1999, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 137, "Accounting for Derivative Instruments and Hedging Activities"-Deferral of the Effective Date of FASB Statement No. 133, deferring the effective date of Statement 133 for one year. Consequently, SFAS 133 will now be effective for all fiscal quarters of all fiscal years beginning after June 15, 2000, which, for the Company would be the calendar year beginning January 1, 2001. SFAS 133 establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value. SFAS 133 also requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement and requires companies to formally document, designate, and assess the effectiveness of transactions that receive hedge accounting. The Company has not yet quantified the impacts of adopting SFAS 133 on reported financial results and has not determined the timing of, or method of, adoption. However, given the current level of the Company's derivative and hedging activities, the impact is not expected to be material.

YEAR 2000 UPDATE: As presented in the Company's Form 10-K Annual Report for the fiscal year ended December 31, 1998, the Company has conducted a comprehensive inventory and assessment of its software and equipment to determine their state of year 2000 "Y2K" readiness. As of June 30, 1999, the Company estimates that over 99% of software and equipment essential to the operations of the business, and 98% of all other software and equipment, have been modified, upgraded or replaced and tested to confirm Y2K compliance, based upon the number of items the Company has identified which require remediaton. The Company believes that all software and equipment essential to the operations of the business will be made Y2K compliant by early in the third quarter 1999, and all other software and equipment deemed to require modification, upgrading or replacement should be completed by the end of the third quarter 1999. The Company is continuing the process of determining third party Y2K readiness and as of June 30, 1999 had communicated with all critical suppliers and vendors who supply products and services critical to the operations of the Company's business. The Company has utilized questionnaires, telephone interviews, site visits and audits in an effort to assess preparedness of such suppliers and vendors. Over 98% of our critical suppliers have advised us that they expect to be fully compliant on a timely basis. In addition, we have verified that approximately 96% of such suppliers were substantially compliant as of June 30, 1999 based on the results of the efforts described above. Alternative supply arrangements or other contingency plans are being addressed for those critical suppliers/vendors who we believe may not be Y2K compliant before year-end. Currently, the Company estimates that the aggregate cost of its Y2K initiatives will total approximately $20.8 million. As of June 30, 1999, approximately $16.1 million of costs related to its Y2K initiatives have been incurred, approximately 75% of which has been expensed.

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, 1998 and other of its filings with the Securities and Exchange Commission, to which reference is hereby made.

PART II.

OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Reference is made to the Form 10-K Annual Report for the fiscal year ended December 31, 1998 filed by ITT Industries. The second full paragraph under Item 3. Legal Proceedings therein concerning environmental matters relating to the San Fernando Valley aquifer is hereby deleted and replaced in its entirety with the following:

> "ITT Industries has been involved since 1991 in an environmental proceeding in California relating to the San Fernando Valley aquifer. ITT Industries is one of numerous PRPs who are alleged by the EPA to have contributed to the contamination of the aquifer. ITT Industries and other allegedly responsible parties have completed an allocation arbitration and have commenced the clean-up required by the EPA. Lockheed Martin Corporation, one of such parties, challenged the allocation arbitration in the Superior Court, Los Angeles County. The lower court ruled in ITT Industries' favor and Lockheed Martin appealed. In April 1999, the California Court of Appeals rejected Lockheed Martin's appeal. Lockheed Martin has filed a Petition for Review with the California Supreme Court. In January 1999, the EPA filed a complaint in the United States District Court for the Central District of California against ITT Industries and Lockheed Martin Corporation, United States v. ITT Industries, Inc. and Lockheed Martin Corp. CV99-00552 SVW AIJX, to recover costs it has incurred in connection with the foregoing. In June 1999, the parties reached a settlement in principle of the matter. ITT Industries has filed a suit against its insurers in the California Superior Court, Los Angeles County, ITT Corporation, et al. v. Pacific Indemnity Corporation et al. for recovery of costs it has incurred in connection with this and other environmental matters. In April 1999, the Superior Court granted partial summary judgment under California law, dismissing certain claims in the California action. The California Court of Appeals has accepted ITT Industries' petition for review of the Superior Court's order. Argument is set for August 1999. In April 1999, ITT Fluid Technology Corporation initiated a new coverage action in New Jersey, ITT Fluid Technology Corp. et al. v. Federal Ins. Co. et al., (Middlesex County, No. L-1919-99), involving new environmental insurance claims as well as claims pending but dormant before the court in California. ITT Industries' insurers have indicated that they intend to challenge the convenience of New Jersey as the forum for this action, and the Court is scheduled to hear arguments on this issue in September 1999. ITT Industries already has negotiated settlements with certain defendant insurance companies, is engaged in negotiations with others, and is prepared to pursue its legal remedies where reasonable negotiations are not productive."

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

On May 13, 1999, each of the outside directors of ITT Industries was granted 1,281 shares of ITT Industries common stock in lieu of the annual retainer pursuant to the ITT Industries 1996 Restricted Stock Plan for Non-Employee Directors. A total of 10,248 shares were so issued. The shares were not registered under the Securities Act of 1933 pursuant to the exemption provided by Section 4(2) thereunder.

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

At ITT Industries' annual meeting of shareholders held on May 13, 1999, the persons whose names are set forth below were elected as directors, constituting the entire Board of Directors. Relevant voting information for each person follows:

	Votes Cast		
	For	Withheld	Broker Nonvotes
Rand V. Araskog	80,202,434	1,727,818	0
Robert A. Burnett	81,229,623	700,629	0
Curtis J. Crawford	81,065,582	864,670	0
Michel David-Weill	80,459,796	1,470,456	0
D. Travis Engen	81,107,899	822,353	0
Christina A. Gold	81,304,015	626,237	0
Edward C. Meyer	81,239,770	690,482	0
Linda Sanford	81,352,314	577,938	0
Sidney Taurel	81,323,884	606,368	0

In addition to the election of directors, the reappointment of Arthur Andersen LLP as independent auditors for 1999 was ratified by a vote of 81,247,246 shares in favor, 320,287 shares against, 362,719 shares abstained, and 0 broker nonvotes. There were no other matters presented for a vote at the meeting.

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 Edward W. Williams

Edward W. Williams
Vice President and Controller
(Principal accounting officer)

August 9, 1999
(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
(11)	Statement re computation of per share earnings	See Note 6 to notes to Consolidated Financial Statements
(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
(27.1)	Restated Financial Data Schedule with respect to June 30, 1998	Filed Herewith
(99)	Additional Exhibits	None

EXHIBIT 27

ITT INDUSTRIES, INC. AND SUBSIDIARIES

FINANCIAL DATA SCHEDULE

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE JUNE 30, 1999 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

6-MOS
DEC-31-1999
JUN-30-1999
128,400
0
871,500
21,200
576,000
1,637,900
2,133,200
1,262,400
4,162,900
1,625,700
510,500
0
0
87,900
934,200
4,162,900
2,283,400
2,283,400
1,613,200
1,749,400
346,900
900
37,800
168,000
62,200
105,800
0
0
0
105,800
1.17
1.13

EXHIBIT 27.1

ITT INDUSTRIES, INC. AND SUBSIDIARIES

FINANCIAL DATA SCHEDULE

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE COMPANY'S RESTATED JUNE 30, 1998 FINANCIAL STATEMENTS. IN THE THIRD QUARTER OF 1998, THE COMPANY SOLD ITS AUTOMOTIVE BRAKE AND CHASSIS AND ELECTRICAL SYSTEMS UNITS. AS A RESULT OF THESE SALES, THESE TWO UNITS, AS WELL AS SEVERAL OTHER SMALL PREVIOUSLY SOLD AUTOMOTIVE UNITS, HAVE BEEN ACCOUNTED FOR AS A DISCONTINUED OPERATION. THE RESTATED FINANCIAL INFORMATION BELOW REFLECTS THE ACCOUNTING TREATMENT OF SUCH UNITS AS A DISCONTINUED OPERATION.

COMMERCIAL AND INDUSTRIAL COMPANIES

1,000

6-MOS
DEC-31-1998
JUN-30-1998
141,100
0
775,400
17,300
577,200
1,571,200
2,315,400
1,311,100
5,100,500
2,899,300
501,900
0
0
118,400
771,100
5,100,500
2,224,500
2,224,500
1,572,100
1,699,200
397,800
1,600
73,400
62,700
24,500
38,200
86,700
0
0
124,900
1.05
1.03