

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, 1997

OR

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

FOR THE TRANSITION PERIOD FROM

----- TO

COMMISSION FILE NUMBER 1-5627

ITT INDUSTRIES, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN CHARTER)

INDIANA
(STATE OR OTHER JURISDICTION
OF INCORPORATION)

13-5158950
(I.R.S. EMPLOYER
IDENTIFICATION NO.)

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, 1997, 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.

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 1996 Annual Report on Form 10-K and subsequent quarterly filing.

ITT INDUSTRIES, INC. AND SUBSIDIARIES

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

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1997	1996	1997	1996
Net sales.....	\$2,250.9	\$2,241.2	\$4,417.5	\$4,442.1
Cost of sales.....	1,769.6	1,779.1	3,512.3	3,556.4
Research, development, and engineering expenses.....	126.7	128.8	252.7	259.3
Gross margin.....	354.6	333.3	652.5	626.4
Selling, general, and administrative expenses.....	193.5	174.9	379.9	365.2
Other operating expenses.....	3.9	6.3	12.1	4.0
Operating income.....	157.2	152.1	260.5	257.2
Interest expense.....	(31.0)	(39.9)	(64.3)	(83.2)
Interest income.....	4.1	1.3	7.5	9.9
Miscellaneous income (expense), net.....	5.1	(.2)	4.3	(1.4)
Income before income taxes.....	135.4	113.3	208.0	182.5
Income tax expense.....	(52.8)	(45.6)	(81.1)	(74.8)
Net income.....	\$ 82.6	\$ 67.7	\$ 126.9	\$ 107.7
EARNINGS PER SHARE:				
Net income				
Primary.....	\$.68	\$.56	\$ 1.05	\$.89
Fully diluted.....	\$.68	\$.56	\$ 1.05	\$.89
Cash dividends declared per common share.....	\$.15	\$.15	\$.30	\$.30

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, 1997	DECEMBER 31, 1996
	----- (UNAUDITED)	-----
ASSETS		
Current Assets:		
Cash and cash equivalents.....	\$ 102.8	\$ 121.9
Receivables, net.....	1,524.2	1,189.8
Inventories, net.....	859.6	856.9
Other current assets.....	127.5	120.5
	-----	-----
Total current assets.....	2,614.1	2,289.1
Plant, property, and equipment, net.....	2,233.3	2,166.7
Deferred U.S. income taxes.....	206.5	205.1
Goodwill, net.....	1,025.3	349.8
Other assets.....	485.2	480.5
	-----	-----
	\$ 6,564.4	\$5,491.2
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable.....	\$ 744.6	\$ 731.8
Accrued expenses.....	938.1	874.2
Accrued taxes.....	137.1	96.8
Notes payable and current maturities of long-term debt.....	1,685.4	835.6
	-----	-----
Total current liabilities.....	3,505.2	2,538.4
Pension and postretirement costs.....	1,024.6	1,126.7
Long-term debt.....	575.0	583.2
Deferred foreign, state and local income taxes.....	102.9	109.5
Other liabilities.....	427.0	334.2
	-----	-----
	5,634.7	4,692.0
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 118,436,579 shares.....	118.4	118.4
Capital surplus.....	412.1	418.2
Cumulative translation adjustments.....	156.4	111.2
Retained earnings.....	242.8	151.4
	-----	-----
	929.7	799.2
	-----	-----
	\$ 6,564.4	\$5,491.2
	=====	=====

 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,	
	1997	1996
OPERATING ACTIVITIES		
Net income.....	\$ 126.9	\$ 107.7
Adjustments to net income:		
Depreciation.....	199.0	203.4
Amortization.....	21.3	21.5
Change in receivables, inventories, accounts payable, and accrued expenses (net of effects from purchase of Goulds).....	(232.4)	(277.7)
Change in accrued and deferred taxes.....	51.0	66.0
Other, net.....	42.5	(17.3)
Cash from continuing operations.....	208.3	103.6
Cash used for discontinued operations.....	--	(174.0)
Cash from (used for) operating activities.....	208.3	(70.4)
INVESTING ACTIVITIES		
Additions to plant, property, and equipment.....	(189.7)	(173.3)
Proceeds from sale of assets.....	100.9	110.7
Acquisitions.....	(103.4)	--
Payment for purchase of Goulds, net of cash acquired.....	(782.6)	--
Other, net.....	(9.5)	--
Cash used for investing activities.....	(984.3)	(62.6)
FINANCING ACTIVITIES		
Short-term debt, net.....	1,051.9	210.2
Long-term debt repaid.....	(233.8)	(158.2)
Long-term debt issued.....	.4	--
Repurchase of common stock.....	(22.5)	--
Dividends paid.....	(35.5)	(18.0)
Other, net.....	11.3	15.2
Cash from financing activities.....	771.8	49.2
EXCHANGE RATE EFFECTS ON CASH AND CASH EQUIVALENTS.....		
Decrease in cash and cash equivalents.....	(19.1)	(86.4)
Cash and cash equivalents -- beginning of period.....	121.9	94.2
Cash and cash equivalents -- end of period.....	\$ 102.8	\$ 7.8
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest.....	\$ 58.2	\$ 93.5
Income taxes.....	\$ 26.0	\$ 8.2

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

Receivables consist of the following:

	JUNE 30, 1997	DECEMBER 31, 1996
	-----	-----
Trade.....	\$1,537.5	\$1,194.3
Accrued for completed work.....	24.3	32.5
Less -- reserves.....	(37.6)	(37.0)
	-----	-----
	\$1,524.2	\$1,189.8
	=====	=====

2) INVENTORIES

Inventories consist of the following:

	JUNE 30, 1997	DECEMBER 31, 1996
	-----	-----
Finished goods.....	\$ 352.4	\$ 401.6
Work in process.....	470.2	434.7
Raw materials.....	393.4	301.2
Less -- reserves.....	(119.3)	(81.6)
-- progress payments.....	(237.1)	(199.0)
	-----	-----
	\$ 859.6	\$ 856.9
	=====	=====

3) PLANT, PROPERTY, AND EQUIPMENT

Plant, property, and equipment consist of the following:

	JUNE 30, 1997	DECEMBER 31, 1996
	-----	-----
Land and improvements.....	\$ 106.8	\$ 101.7
Buildings and improvements.....	819.7	807.7
Machinery and equipment.....	3,641.4	3,469.1
Construction work in progress.....	304.0	244.1
Other.....	455.6	469.2
	-----	-----
	5,327.5	5,091.8
Less -- accumulated depreciation and amortization.....	(3,094.2)	(2,925.1)
	-----	-----
	\$ 2,233.3	\$ 2,166.7
	=====	=====

4) NEW ACCOUNTING ISSUES

In March 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") 128 "Earnings per Share", which is effective for financial statements for periods ending after December 15, 1997. SFAS 128 requires replacement of primary and fully diluted earnings per share with basic and diluted earnings per share. The pro forma basic and diluted earnings per share under SFAS 128 would have been \$.70 and \$.69, respectively, for the three months ended June 30, 1997, \$.57 and \$.56, respectively, for the three months ended June 30, 1996, \$1.07 and \$1.05,

ITT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS -- (Continued)
(In millions, except per share, unless otherwise stated)

respectively, for the six months ended June 30, 1997, and \$.91 and \$.89, respectively, for the six months ended June 30, 1996.

In January 1997, the SEC issued amendments to its rules which clarify and expand disclosure requirements for derivative financial instruments. As of June 30, 1997, there has been no significant change in the market risk, or accounting policy associated with derivative financial instruments as stated in the Company's 1996 Annual Report on Form 10-K.

5) ACQUISITION

On May 23, 1997 (the "date of acquisition"), the Company acquired Goulds Pumps, Incorporated ("Goulds") for a purchase price of approximately \$870 (the "acquisition"). The acquisition was funded with short-term borrowings and was accounted for using the purchase method. Accordingly, the purchase price was allocated to the assets acquired and liabilities assumed on the basis of their fair values at the date of acquisition. The purchase price allocations have been prepared on a preliminary basis and changes are expected as evaluations of assets and liabilities are completed and as additional information becomes available. The purchase price, plus assumed liabilities of \$342, exceeded the fair value of the assets acquired by approximately \$675 and has been recorded as goodwill, which is being amortized over a period of 40 years. The operating results of Goulds have been included in the consolidated condensed income statements from the date of acquisition. The following unaudited pro forma financial information presents results as if the acquisition had occurred at the beginning of the respective periods:

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1997	1996	1997	1996
Net sales.....	\$2,374.4	\$2,438.8	\$4,719.7	\$4,823.3
Net income.....	76.8	64.5	115.9	98.5
Earnings per share -- Primary.....	.64	.53	.96	.82
Earnings per share -- Fully diluted...	.64	.53	.96	.82

These pro forma results have been prepared for comparative purposes only, and include certain adjustments such as additional depreciation expense as a result of a step-up in the basis of fixed assets, additional amortization expense as a result of goodwill arising from the purchase, and increased interest expense on acquisition debt. The pro forma results are not necessarily indicative of the results of operations which actually would have resulted had the purchase been in effect at the beginning of the respective periods or of future results.

BUSINESS SEGMENT INFORMATION
(IN MILLIONS)
(UNAUDITED)

NET SALES

THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
1997	1996	1997	1996
\$1,385.9	\$1,448.2	\$2,778.9	\$2,868.4
409.5	378.2	818.8	731.9
397.2	320.8	704.7	627.4
58.3	94.0	115.1	214.4
2,250.9	2,241.2	4,417.5	4,442.1
--	--	--	--
\$2,250.9	\$2,241.2	\$4,417.5	\$4,442.1
=====	=====	=====	=====

OPERATING INCOME/(LOSS)

THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
1997	1996	1997	1996
\$100.8	\$101.9	\$174.8	\$177.2
33.9	30.1	59.0	50.2
37.2	29.7	61.1	51.6
(1.6)	1.8	(6.3)	5.2
170.3	163.5	288.6	284.2
(13.1)	(11.4)	(28.1)	(27.0)
\$157.2	\$152.1	\$260.5	\$257.2
=====	=====	=====	=====

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Three months ended June 30, 1997 compared with three months ended June 30, 1996

Net income of \$82.6 million or \$.68 per fully diluted share, increased 22.0% over the \$67.7 million or \$.56 per fully diluted share reported in the 1996 second quarter. The increase in net income was attributable to a reduction in interest expense, operating income gains at Defense & Electronics, and a gain from the sale of the Company's North American aftermarket operations and industrial lighting and plastic components business.

Net sales for the second quarter of 1997 were slightly higher than the second quarter of 1996, due mainly to the inclusion of sales from Goulds since the date of acquisition. Excluding sales from Goulds, sales were \$2,183.9 million, down \$57.3 million or 2.6% from the 1996 second quarter due to unfavorable foreign exchange translation and lower sales at non-core operations held for disposition. Operating income for the second quarter of 1997 of \$157.2 million exceeded the \$152.1 million in the prior year due mainly to the inclusion of Goulds' operations since the date of acquisition. Excluding Goulds' operations, operating income decreased \$1.9 million to \$150.2 million because of a decline in earnings of companies held for disposition and slightly higher headquarters expenses, partially offset by higher earnings at Defense & Electronics. Other operating income/expenses, which include gains and losses from foreign exchange transactions and other charges, were \$3.9 million in the current quarter, compared to \$6.3 million of expense in the 1996 second quarter. Operating margins were 7.0% in the second quarter of 1997 compared to 6.8% in the second quarter of 1996.

Interest expense for the second quarter of 1997 decreased to \$31.0 million compared to \$39.9 million in the 1996 second quarter. The reduction in interest expense is attributable to lower interest rates resulting from the continuation of the debt restructuring implemented in the fourth quarter of 1996, partially offset by additional interest expense on debt related to the acquisition of Goulds. Interest income was \$4.1 million in the current quarter compared to \$1.3 million in the prior year second quarter, a result of higher cash balances.

The effective income tax rate was 39.0% in the 1997 second quarter compared to 40.2% in the 1996 second quarter. Income tax expense increased by \$7.2 million to \$52.8 million in the 1997 second quarter due to higher pretax earnings.

Business Segments -- Sales and operating income for the three months ended June 30, 1997, and 1996 (\$ in millions) for each of the Company's three major continuing business segments were as follows:

SALES		OPERATING INCOME	
THREE MONTHS		THREE MONTHS	
1997	1996	1997	1996
\$1,385.9	\$1,448.2	\$100.8	\$101.9
..... Automotive			

Automotive's revenue was down approximately \$62.3 million or 4.3% due primarily to unfavorable foreign exchange and continued pricing pressures from original equipment manufacturers. The reduction in sales due to the disposal of the North American aftermarket operations during the quarter and the ongoing strikes at Chrysler Corporation and General Motors Corporation were more than offset by an increase in worldwide vehicle production and favorable installation/mix. Operating income for the second quarter of 1997 was slightly lower than the second quarter of 1996 because of lower prices, the ramp-up of the new MK-20, and the ongoing strikes discussed above, which were partially offset by an increase in volume.

SALES		OPERATING INCOME	
-----		-----	
THREE MONTHS		THREE MONTHS	
-----		-----	
1997	1996	1997	1996
-----		-----	
\$409.5	\$378.2	\$33.9	\$30.1
..... Defense & Electronics			

ITT Defense & Electronics' revenue for the quarter was up 8.3% from the prior year due to sales growth in both the defense and interconnect segments of the business. Sales growth in the international sector of the defense segment was strong due to the award of the SINGARS (Single Channel Ground and Airborne Radio Systems) contract from the U.S. Army and major orders for Night Vision equipment from Australia. Operating income increased 12.7% over the 1996 second quarter, driven by a strong operating performance at Cannon, the result of prior years' restructuring efforts.

SALES		OPERATING INCOME	
-----		-----	
THREE MONTHS		THREE MONTHS	
-----		-----	
1997	1996	1997	1996
-----		-----	
\$397.2	\$320.8	\$37.2	\$29.7
..... Fluid Technology			

ITT Fluid Technology's 1997 second quarter sales were 23.8% higher than the 1996 second quarter due to the inclusion of Goulds' sales since the date of acquisition. Excluding sales from Goulds, ITT Fluid Technology's sales were up 2.9% from the prior year period. Sales growth in the United States and United Kingdom were partially offset by foreign exchange translation and a continued decline in municipal spending in Western Europe. The improvement in operating income was primarily attributable to the inclusion of Goulds' operations since the date of acquisition. Excluding Goulds, ITT Fluid Technology's operating income was flat due largely to unfavorable foreign exchange translation.

Six months ended June 30, 1997 compared with six months ended June 30, 1996

Net income of \$126.9 million or \$1.05 per fully diluted share increased 17.9% over the \$107.7 million or \$.89 per fully diluted share reported in the first six months of 1996. The increase in net income was attributable to a reduction in interest expense, operating income gains at Defense & Electronics, and a gain from the sale of the Company's North American aftermarket operations and industrial lighting and plastic components business, partially offset by a profit decline at companies held for disposition.

Excluding sales from Goulds, the Company's sales were \$4,350.5 million, down 2.1% from the 1996 first six months due to unfavorable foreign exchange translation and lower sales at non-core operations held for disposition. Operating income for the first six months of 1997 of \$260.5 million exceeded the \$257.2 million in the prior year due to the inclusion of Goulds' operations since the date of acquisition. Excluding Goulds' operations, operating income was slightly below the prior year six month period because of a decline in earnings of companies held for disposition, partially offset by higher earnings at Defense & Electronics. Other operating income/expenses, which include gains and losses from foreign exchange transactions and other charges, was expense of \$12.1 million for the first six months of 1997, compared to \$4.0 million of expense for the 1996 first six months. Operating margins were 5.9% in the first six months of 1997 compared to 5.8% in the first six months of 1996.

Interest expense decreased from \$83.2 million for the 1996 first six months to \$64.3 million for the first six months of 1997. The reduction in interest expense is attributable to lower interest rates resulting from the continuation of the debt restructuring implemented in the fourth quarter of 1996, partially offset by interest expense on debt related to the acquisition of Goulds. Interest income was \$7.5 million for the current six month period compared to \$9.9 million for the prior year six month period, a result of lower cash balances.

The effective income tax rate was 39.0% for the 1997 first six months compared to 41.0% in the first six months of 1996. Income tax expense increased by \$6.3 million to \$81.1 million in the 1997 period due to higher pretax earnings.

Business Segments -- Sales and operating income for the six months ended June 30, 1997, and 1996 (\$ in millions) for each of the Company's three major continuing business segments were as follows:

SALES			OPERATING INCOME	
-----			-----	
SIX MONTHS			SIX MONTHS	
-----			-----	
1997	1996		1997	1996
-----			-----	
\$2,778.9	\$2,868.4 Automotive	\$174.8	\$177.2

Automotive's revenue was down approximately \$89.5 million or 3.1% due primarily to unfavorable foreign exchange and continued pricing pressures from original equipment manufacturers. Operating income for the first six months of 1997 was lower by \$2.4 million as a result of lower prices, unfavorable foreign exchange, and the ramp-up of the new MK-20, partially offset by an increase in volume.

SALES			OPERATING INCOME	
-----			-----	
SIX MONTHS			SIX MONTHS	
-----			-----	
1997	1996		1997	1996
-----			-----	
\$ 818.8	\$ 731.9 Defense & Electronics	\$ 59.0	\$ 50.2

Sales growth in both the defense and interconnect segments of the business resulted in a 11.9% increase in ITT Defense & Electronics revenue from the prior year first six months. The increase in the defense segment sales is due to strong order input received in 1996 and strong growth in the international sector. The interconnect segment sales increase is due to improving market conditions. Operating income was 17.7% higher in the 1997 period, driven by a strong operating performance at Cannon and volume gains in defense lines.

SALES			OPERATING INCOME	
-----			-----	
SIX MONTHS			SIX MONTHS	
-----			-----	
1997	1996		1997	1996
-----			-----	
\$ 704.7	\$ 627.4 Fluid Technology	\$ 61.1	\$ 51.6

ITT Fluid Technology's 1997 first six months sales were 12.3% higher than the 1996 six month period due primarily to the inclusion of Goulds' sales since the date of acquisition. Excluding sales from Goulds, ITT Fluid Technology's sales were up marginally because of growth in the United States and the United Kingdom, significantly offset by unfavorable foreign exchange translation, a continued decline in municipal spending in Western Europe, and the absence of sales from the General Controls product line which was sold in the second quarter of 1996. The improvement in operating income was primarily attributable to the inclusion of Goulds' operations since the date of acquisition. Excluding Goulds, ITT Fluid Technology's operating income was up 4.9%, as a result of cost control actions in Europe and operating improvements at several North American units in the first quarter of 1997.

LIQUIDITY AND CAPITAL RESOURCES

Cash from operating activities was \$208.3 million for the first six months of 1997 compared to \$(70.4) million in the prior year, primarily the result of lower working capital requirements and the absence of payments related to discontinued operations.

The increase in working capital (receivables, inventory, payables, and accrued liabilities) required a cash outflow of \$232.4 million, due largely to a seasonal increase in receivables and the timing of a payment from a major customer at Automotive. Working capital required a cash outflow of \$277.7 million in the first six months of 1996 due to a seasonal increase in receivables and a reduction in accounts payable at Automotive and Defense & Electronics.

Many of the Company's businesses require substantial investment in plant and tooling in order to produce their products. Gross plant additions totaled \$189.7 million for the first six months of 1997, with approximately 73% of that total incurred at Automotive. Spending for the first six months of 1996 was \$173.3 million, of which approximately 70% was also at Automotive.

Cash from investing activities for the first six months of 1997 included proceeds from the sale of the North American aftermarket operations and the industrial lighting and plastic components business. Cash outflows included the purchase of Goulds and the remaining 20% interest in Electrical Systems, Inc. (ESI) from General Motors Corporation. Cash inflows in the first six months of 1996 included \$110.7 million from the sale of land and other assets, including a portion of ITT Community Development Corporation and the ITT General Controls product line.

External borrowings were \$2,260.4 million at June 30, 1997, compared with \$1,418.8 million at December 31, 1996. Cash and cash equivalents were \$102.8 million at June 30, 1997, compared to \$121.9 million at year-end 1996. The higher debt level at June 30, 1997 reflects borrowings to fund the acquisitions partially offset by proceeds from asset sales as discussed above.

Shareholders' equity increased \$130.5 million during the first six months of 1997, due to growth in retained earnings and cumulative translation adjustments. On both April 1, 1997 and July 1, 1997, the Company paid a quarterly dividend of \$.15 per share. A quarterly dividend of the same amount will be paid on October 1, 1997.

PART II.

OTHER INFORMATION

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

At ITT Industries' annual meeting of shareholders held on May 15, 1997, the persons whose names are set forth below were elected as directors, constituting the entire Board of Directors, with relevant voting information for each person:

	VOTES CAST		BROKER NONVOTES
	FOR	WITHHELD	
Rand V. Araskog.....	105,092,247	2,142,302	0
Robert A. Burnett.....	105,872,895	1,361,654	0
Curtis J. Crawford.....	106,119,010	1,115,539	0
Michel David-Weill.....	106,173,052	1,061,497	0
D. Travis Engen.....	106,044,168	1,190,381	0
S. Parker Gilbert.....	106,189,920	1,044,629	0
Edward C. Meyer.....	106,106,767	1,127,782	0
Sidney Taurel.....	106,060,161	1,174,388	0

In addition to the election of directors, the following matters were acted upon:

- (a) The vote on the approval of the ITT Industries 1997 Annual Incentive Plan for Executive Officers was passed by a vote of 102,032,635 shares in favor, 4,179,203 shares against, 1,022,711 shares abstained, and 0 broker nonvotes.
- (b) The vote on the approval of the ITT Industries 1997 Long-Term Incentive Plan was passed by a vote of 101,050,186 shares in favor, 5,218,994 shares against, 965,369 shares abstained and 0 broker nonvotes.
- (c) The reappointment of Arthur Andersen LLP as independent auditors for 1997 was ratified by a vote of 106,436,027 shares in favor, 297,485 shares against, 501,037 shares abstained, and 0 broker nonvotes.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

- (a) See the Exhibit Index for a list of exhibits filed herewith.
- (b) ITT Industries filed Form 8-K Current Reports dated April 22, 1997 and June 5, 1997, both relating to the acquisition of Goulds Pumps, Incorporated.

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
(Principal accounting officer)

August 13, 1997

EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION	LOCATION
(2)	Plan of acquisition, reorganization, arrangement, liquidation or succession	None
(3)	(i) Restated Articles of Incorporation	Filed Herewith
	(ii) 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	Filed Herewith
(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

ARTICLES OF RESTATEMENT

ITT Industries, Inc., a corporation organized and existing under the laws of the State of Indiana (the "Corporation"), hereby certifies as follows:

ITT Industries, Inc. was originally incorporated under the name ITT Indiana, Inc. pursuant to its original Articles of Incorporation filed with the Secretary of State for the State of Indiana on September 5, 1995. Effective December 20, 1995, ITT Corporation, a Delaware corporation, was merged with and into the Corporation, and the name of the Corporation was changed to ITT Industries, Inc. The Restated Articles of Incorporation set forth below only restate and integrate the provisions of the Corporation's Articles of Incorporation as heretofore amended or supplemented, and there is no discrepancy between those provisions and the provisions of these Restated Articles of Incorporation. This restatement does not contain any amendment to the Articles of Incorporation of the Corporation requiring shareholder approval. The text of the Articles of Incorporation as amended or supplemented heretofore is hereby restated to read as herein set forth in full:

RESTATED ARTICLES OF INCORPORATION

OF

ITT INDUSTRIES, INC.

ARTICLE FIRST

The name of the corporation is ITT Industries, Inc. (the "Corporation").

ARTICLE SECOND

The address of the registered office of the Corporation in the State of Indiana is One North Capitol Avenue, Suite 1180, Indianapolis, Indiana 46204. The name of the registered agent of the Corporation at such address is The Corporation Trust Company.

ARTICLE THIRD

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the Indiana Business Corporation Law.

ARTICLE FOURTH

(a) The aggregate number of shares of stock that the Corporation shall have authority to issue is 250,000,000 shares, consisting of 200,000,000 shares designated "Common Stock" and 50,000,000 shares designated "Preferred Stock". The shares of Common Stock shall have a par value of \$1 per share, and the shares of Preferred Stock shall not have any par or stated value, except that, solely for the purpose of any statute or regulation imposing any fee or tax based upon the capitalization of the Corporation, the shares of Preferred Stock shall be deemed to have a par value of \$.01 per share.

(b) The Board of Directors of the Corporation shall have the full authority permitted by law, at any time and from time to time, to divide the authorized and unissued shares of Preferred Stock into classes or series, or both, and to determine the following provisions, designations, powers, preferences and relative, participating, optional and other special rights and the qualifications, limitations or restrictions thereof for shares of any such class or series of Preferred Stock:

(1) the designation of such class or series, the number of shares to constitute such class or series and the stated or liquidation value thereof;

(2) whether the shares of such class or series shall have voting rights, in addition to any voting rights provided by law, and, if so, the terms of such voting rights;

(3) the dividends, if any, payable on such class or series, whether any such dividends shall be cumulative, and, if so, from what dates, the conditions and dates upon which such dividends shall be payable, the preference or relation which such dividends shall bear to the dividends payable on any shares of stock of any other class or any other series of the same class;

(4) whether the shares of such class or series shall be subject to redemption at the election of the Corporation and/or the holders of such class or series and, if so, the times, price and other conditions of such redemption, including securities or other property payable upon any such redemption, if any;

(5) the amount or amounts, if any, payable upon shares of such class or series upon, and the rights of the holders of such class or series in, the voluntary or involuntary liquidation, dissolution or winding up, or any distribution of the assets, of the Corporation; provided that in no event shall the amount or amounts, if any, exceed \$100 per share plus accrued dividends in the case of involuntary liquidation, dissolution or winding up;

(6) whether the shares of such class or series shall be subject to the operation of a retirement or sinking fund and, if so, the extent to and manner in which any such retirement or sinking fund shall be applied to the purchase or redemption of the shares of such class or series for retirement or other corporate purposes and the terms and provisions relative to the operation thereof;

(7) whether the shares of such class or series shall be convertible into, or exchangeable for, shares of stock of any other class or any other series of the same class or any securities, whether or not issued by the Corporation, and, if so, the price or prices or the rate or rates of conversion or exchange and the method, if any, of adjusting the same, and any other terms and conditions of conversion or exchange;

(8) the limitations and restrictions, if any, to be effective while any shares of such class or series are outstanding upon the payment of dividends or the making of other distributions on, and upon the purchase, redemption or other acquisition by the Corporation of, the Common Stock or shares of stock of any other class or any other series of the same class;

(9) the conditions or restrictions, if any, upon the creation of indebtedness of the Corporation or upon the issuance of any additional shares of stock, including additional shares of such class or series or of any other series of the same class or of any other class;

(10) the ranking (be it *pari passu*, junior or senior) of each class or series vis-a-vis any other class or series of any class of Preferred Stock as to the payment of dividends, the distribution of assets and all other matters; and

(11) any other powers, preferences and relative, participating, optional and other special rights and any qualifications, limitations or restrictions thereof, insofar as they are not inconsistent with the provisions of these Articles of Incorporation, to the full extent permitted in accordance with the laws of the State of Indiana.

(c) Such divisions and determinations may be accomplished by an amendment to this ARTICLE FOURTH, which amendment may be made solely by action of the Board of Directors, which shall have the full authority permitted by law to make such divisions and determinations.

(d) The powers, preferences and relative, participating, optional and other special rights of each class or series of Preferred Stock and the qualifications, limitations or restrictions thereof, if any, may differ from those of any and all other classes or series at any time outstanding; provided that each series of a class is given a distinguishing designation and that all shares of a series have powers, preferences and relative, participating, optional and other special rights and the qualifications, limitations or

restrictions thereof identical with those of other shares of the same series and, except to the extent otherwise provided in the description of the series, with those other series of the same class.

(e) Holders of shares of Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors, out of funds legally available for the payment thereof, dividends at the rates fixed by the Board of Directors for the respective series before any dividends shall be declared and paid, or set aside for payment, on shares of Common Stock with respect to the same dividend period. Nothing in this ARTICLE FOURTH shall limit the power of the Board of Directors to create a series of Preferred Stock with dividends the rate of which is calculated by reference to, and the payment of which is concurrent with, dividends on shares of Common Stock.

(f) In the event of the voluntary or involuntary liquidation, dissolution or winding up of the Corporation, holders of shares of each series of Preferred Stock will be entitled to receive the amount fixed for such series upon any such event (not in excess of \$100 per share in the case of involuntary liquidation, dissolution or winding up) plus, in the case of any series on which dividends will have been determined by the Board of Directors to be cumulative, an amount equal to all dividends accumulated and unpaid thereon to the date of final distribution whether or not earned or declared before any distribution shall be paid, or set aside for payment, to holders of Common Stock. If the assets of the Corporation are not sufficient to pay such amounts in full, holders of all shares of Preferred Stock will participate in the distribution of assets ratably in proportion to the full amounts to which they are entitled or in such order or priority, if any, as will have been fixed in the resolution or resolutions providing for the issue of the series of Preferred Stock. Neither the merger nor consolidation of the Corporation into or with any other corporation, nor a sale, transfer or lease of all or part of its assets, will be deemed a liquidation, dissolution or winding up of the Corporation within the meaning of this paragraph except to the extent specifically provided for herein. Nothing in this ARTICLE FOURTH shall limit the power of the Board of Directors to create a series of Preferred Stock for which the amount to be distributed upon any liquidation, dissolution or winding up of the Corporation is calculated by reference to, and the payment of which is concurrent with, the amount to be distributed to the holders of shares of Common Stock.

(g) The Corporation, at the option of the Board of Directors, may redeem all or part of the shares of any series of Preferred Stock on the terms and conditions fixed for such series.

(h) Except as otherwise required by law, as otherwise provided herein or as otherwise determined by the Board of Directors as to the shares of any series of Preferred Stock prior to the issuance of any such shares, the holders of Preferred Stock shall have no voting rights and shall not be entitled to any notice of meetings of shareholders.

(i) Each holder of shares of Common Stock shall be entitled to one vote for each share of Common Stock held of record on all matters on which the holders of shares of Common Stock are entitled to vote. Subject to the provisions of applicable law and any certificate of designation providing for the issuance of any series of Preferred Stock, the holders of outstanding shares of Common Stock shall have and possess the exclusive right to notice of shareholders' meetings and the exclusive power to vote. No shareholder will be permitted to cumulate votes at any election of directors.

(j) Subject to all the rights of the Preferred Stock, the holders of the Common Stock shall be entitled to receive, when, as and if declared by the Board of Directors, out of funds legally available for the payment thereof, dividends payable in cash, stock or otherwise. Upon any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, and after the holders of the Preferred Stock of each series shall have been paid in full in cash the amounts to which they respectively shall be entitled or a sum sufficient for such payment in full shall have been set aside, the remaining net assets of the Corporation shall be distributed pro rata to the holders of the Common Stock in accordance with their respective rights and interests, to the exclusion of the holders of the Preferred Stock.

SERIES A PARTICIPATING CUMULATIVE PREFERRED STOCK

A description of such Series A Participating Cumulative Preferred Stock with the designations, voting powers, preferences and relative, participating, optional and other special rights and qualifications, limitations or restrictions relating thereto is as follows:

SECTION 1. Designation and Number of Shares. The shares of such series shall be designated as "Series A Participating Cumulative Preferred Stock" (the "Series A Preferred Stock"), without par value. The number of shares initially constituting the Series A Preferred Stock shall be 300,000; provided, however, that, if more than a total of 300,000 shares of Series A Preferred Stock shall be issuable upon the exercise of Rights (the "Rights") issued pursuant to that Rights Agreement between the Corporation and The Bank of New York, a New York banking corporation, as Rights Agent (the "Rights Agreement"), the Board of Directors of the Corporation, pursuant to Section 23-1-25-2(d) of the Business Corporation Law of the State of Indiana, shall direct by resolution or resolutions that articles of amendment be properly executed and delivered to the Secretary of State for the State of Indiana for filing in accordance with the provisions of Section 23-1-18-1 and Section 23-1-38-6 thereof, providing for the total number of shares of Series A Preferred Stock authorized to be issued to be increased (to the extent that the Articles of Incorporation then permit) to the largest number of whole shares (rounded up to the nearest whole number) issuable upon exercise of such Rights.

SECTION 2. Dividends or Distributions. (a) Subject to the prior and superior rights of the holders of shares of any other series of Preferred Stock or other class of capital stock of the Corporation ranking prior and superior to the shares of Series A Preferred Stock with respect to dividends, the holders of shares of the Series A Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors, out of the assets of the Corporation legally available therefor, (1) quarterly dividends payable in cash on the last day of each fiscal quarter in each year, or such other dates as the Board of Directors of the Corporation shall approve (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or a fraction of a share of Series A Preferred Stock, in the amount of \$.01 per whole share (rounded to the nearest cent) less the amount of all cash dividends declared on the Series A Preferred Stock pursuant to the following clause (2) since the immediately preceding Quarterly Dividend Payment Date or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series A Preferred Stock (the total of which shall not, in any event, be less than zero) and (2) dividends payable in cash on the payment date for each cash dividend declared on the Common Stock in an amount per whole share (rounded to the nearest cent) equal to the Formula Number (as hereinafter defined) then in effect times the cash dividends then to be paid on each share of Common Stock. In addition, if the Corporation shall pay any dividend or make any distribution on the Common Stock payable in assets, securities or other forms of noncash consideration (other than dividends or distributions solely in shares of Common Stock), then, in each such case, the Corporation shall simultaneously pay or make on each outstanding whole share of Series A Preferred Stock a dividend or distribution in like kind equal to the Formula Number then in effect times such dividend or distribution on each share of the Common Stock. As used herein, the "Formula Number" shall be 1,000; provided, however, that, if at any time after the Distribution Record Date (as defined in that Notice of Special Meeting and Proxy Statement, dated August 30, 1995, filed with the Securities and Exchange Commission by ITT Corporation), the Corporation shall (i) declare or pay any dividend on the Common Stock payable in shares of Common Stock or make any distribution on the Common Stock in shares of Common Stock, (ii) subdivide (by a stock split or otherwise) the outstanding shares of Common Stock into a larger number of shares of Common Stock or (iii) combine (by a reverse stock split or otherwise) the outstanding shares of Common Stock into a smaller number of shares of Common Stock, then in each such event the Formula Number shall be adjusted to a number determined by multiplying the Formula Number in effect immediately prior to such event by a fraction, the numerator of which is the number of shares of Common Stock that are outstanding

immediately after such event and the denominator of which is the number of shares of Common Stock that are outstanding immediately prior to such event (and rounding the result to the nearest whole number); and provided further, that, if at any time after the Distribution Record Date, the Corporation shall issue any shares of its capital stock in a merger, reclassification, or change of the outstanding shares of Common Stock, then in each such event the Formula Number shall be appropriately adjusted to reflect such merger, reclassification or change so that each share of Preferred Stock continues to be the economic equivalent of a Formula Number of shares of Common Stock prior to such merger, reclassification or change.

(b) The Corporation shall declare a dividend or distribution on the Series A Preferred Stock as provided in Section 2(a) immediately prior to or at the same time it declares a dividend or distribution on the Common Stock (other than a dividend or distribution solely in shares of Common Stock); provided, however, that, in the event no dividend or distribution (other than a dividend or distribution in shares of Common Stock) shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of \$.01 per share on the Series A Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date. The Board of Directors may fix a record date for the determination of holders of shares of Series A Preferred Stock entitled to receive a dividend or distribution declared thereon, which record date shall be the same as the record date for any corresponding dividend or distribution on the Common Stock.

(c) Dividends shall begin to accrue and be cumulative on outstanding shares of Series A Preferred Stock from and after the Quarterly Dividend Payment Date next preceding the date of original issue of such shares of Series A Preferred Stock; provided, however, that dividends on such shares which are originally issued after the record date for the determination of holders of shares of Series A Preferred Stock entitled to receive a quarterly dividend and on or prior to the next succeeding Quarterly Dividend Payment Date shall begin to accrue and be cumulative from and after such Quarterly Dividend Payment Date. Notwithstanding the foregoing, dividends on shares of Series A Preferred Stock which are originally issued prior to the record date for the determination of holders of shares of Series A Preferred Stock entitled to receive a quarterly dividend on the first Quarterly Dividend Payment Date shall be calculated as if cumulative from and after the last day of the fiscal quarter next preceding the date of original issuance of such shares. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series A Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding.

(d) So long as any shares of the Series A Preferred Stock are outstanding, no dividends or other distributions shall be declared, paid or distributed, or set aside for payment or distribution, on the Common Stock unless, in each case, the dividend required by this Section 2 to be declared on the Series A Preferred Stock shall have been declared.

(e) The holders of the shares of Series A Preferred Stock shall not be entitled to receive any dividends or other distributions except as provided herein.

SECTION 3. Voting Rights. The holders of shares of Series A Preferred Stock shall have the following voting rights:

(a) Each holder of Series A Preferred Stock shall be entitled to a number of votes equal to the Formula Number then in effect, for each share of Series A Preferred Stock held of record on each matter on which holders of the Common Stock or shareholders generally are entitled to vote, multiplied by the maximum number of votes per share which any holder of the Common Stock or shareholders generally then have with respect to such matter (assuming any holding period or other requirement to vote a greater number of shares is satisfied).

(b) Except as otherwise provided herein or by applicable law, the holders of shares of Series A Preferred Stock and the holders of shares of Common Stock shall vote together as one class for the election of directors of the Corporation and on all other matters submitted to a vote of shareholders of the Corporation.

(c) If, at the time of any annual meeting of shareholders for the election of directors, the equivalent of six quarterly dividends (whether or not consecutive) payable on any share or shares of Series A Preferred Stock are in default, the number of directors constituting the Board of Directors of the Corporation shall be increased by two. In addition to voting together with the holders of Common Stock for the election of other directors of the Corporation, the holders of record of the Series A Preferred Stock, voting separately as a class to the exclusion of the holders of Common Stock, shall be entitled at said meeting of shareholders (and at each subsequent annual meeting of shareholders), unless all dividends in arrears have been paid or declared and set apart for payment prior thereto, to vote for the election of two directors of the Corporation, the holders of any Series A Preferred Stock being entitled to cast a number of votes per share of Series A Preferred Stock equal to the Formula Number. Until the default in payments of all dividends which permitted the election of said directors shall cease to exist, any director who shall have been so elected pursuant to the next preceding sentence may be removed at any time, either with or without cause, only by the affirmative vote of the holders of the shares of Series A Preferred Stock at the time entitled to cast a majority of the votes entitled to be cast for the election of any such director at a special meeting of such holders called for that purpose, and any vacancy thereby created may be filled by the vote of such holders. If and when such default shall cease to exist, the holders of the Series A Preferred Stock shall be divested of the foregoing special voting rights, subject to reversioning in the event of each and every subsequent like default in payments of dividends. Upon the termination of the foregoing special voting rights, the terms of office of all persons who may have been elected directors pursuant to said special voting rights shall forthwith terminate, and the number of directors constituting the Board of Directors shall be reduced by two. The voting rights granted by this Section 3(c) shall be in addition to any other voting rights granted to the holders of the Series A Preferred Stock in this Section 3.

(d) Except as provided herein, in Section 11 or by applicable law, holders of Series A Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for authorizing or taking any corporate action.

SECTION 4. Certain Restrictions. (a) Whenever quarterly dividends or other dividends or distributions payable on the Series A Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series A Preferred Stock outstanding shall have been paid in full, the Corporation shall not

(i) declare or pay dividends on, make any other distributions on, or redeem or purchase or otherwise acquire for consideration any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock;

(ii) declare or pay dividends on or make any other distributions on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except dividends paid ratably on the Series A Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock; provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such parity stock in exchange for shares of

any stock of the Corporation ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock; or

(iv) purchase or otherwise acquire for consideration any shares of Series A Preferred Stock, or any shares of stock ranking on a parity with the Series A Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(b) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (a) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

SECTION 5. Liquidation Rights. Upon the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, no distribution shall be made (1) to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock unless, prior thereto, the holders of shares of Series A Preferred Stock shall have received an amount, equal to the accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, plus an amount equal to the greater of (x) \$.01 per whole share or (y) an aggregate amount per share equal to the Formula Number then in effect times the aggregate amount to be distributed per share to holders of Common Stock or (2) to the holders of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except distributions made ratably on the Series A Preferred Stock and all other such parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up; provided that in no event shall the amount or amounts, if any, exceed \$100 per share plus accrued dividends in the case of involuntary liquidation, dissolution or winding up of the Corporation.

SECTION 6. Consolidation, Merger, etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash or any other property, then in any such case the then outstanding shares of Series A Preferred Stock shall at the same time be similarly exchanged or changed into an amount per share equal to the Formula Number then in effect times the aggregate amount of stock, securities, cash or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is exchanged or changed. In the event both this Section 6 and Section 2 appear to apply to a transaction, this Section 6 will control.

SECTION 7. No Redemption; No Sinking Fund. (a) The shares of Series A Preferred Stock shall not be subject to redemption by the Corporation or at the option of any holder of Series A Preferred Stock; provided, however, that the Corporation may purchase or otherwise acquire outstanding shares of Series A Preferred Stock in the open market or by offer to any holder or holders of shares of Series A Preferred Stock.

(b) The shares of Series A Preferred Stock shall not be subject to or entitled to the operation of a retirement or sinking fund.

SECTION 8. Ranking. The Series A Preferred Stock shall rank junior to all other series of Preferred Stock of the Corporation, unless the Board of Directors shall specifically determine otherwise in fixing the powers, preferences and relative, participating, optional and other special rights of the shares of such series and the qualifications, limitations or restrictions thereof.

SECTION 9. Fractional Shares. The Series A Preferred Stock shall be issuable upon exercise of the Rights issued pursuant to the Rights Agreement in whole shares or in any fraction of a share that is one one-thousandths (1/1,000ths) of a share or any integral multiple of such fraction which

shall entitle the holder, in proportion to such holder's fractional shares, to receive dividends, exercise voting rights, participate in distributions and to have the benefit of all other rights of holders of Series A Preferred Stock. In lieu of fractional shares, the Corporation, prior to the first issuance of a share or a fraction of a share of Series A Preferred Stock, may elect (1) to make a cash payment as provided in the Rights Agreement for fractions of a share other than one one-thousandths (1/1,000ths) of a share or any integral multiple thereof or (2) to issue depository receipts evidencing such authorized fraction of a share of Series A Preferred Stock pursuant to an appropriate agreement between the Corporation and a depository selected by the Corporation; provided that such agreement shall provide that the holders of such depository receipts shall have all the rights, privileges and preferences to which they are entitled as holders of the Series A Preferred Stock.

SECTION 10. Reacquired Shares. Any shares of Series A Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and canceled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock, without designation as to series until such shares are once more designated as part of a particular series by the Board of Directors pursuant to the provisions of ARTICLE FOURTH of the Articles of Incorporation.

SECTION 11. Amendment. None of the powers, preferences and relative, participating, optional and other special rights of the Series A Preferred Stock as provided herein or in the Articles of Incorporation shall be amended in any manner which would alter or change the powers, preferences, rights or privileges of the holders of Series A Preferred Stock so as to affect them adversely without the affirmative vote of the holders of at least 66 2/3% of the outstanding shares of Series A Preferred Stock, voting as a separate class, provided, however, that no such amendment approved by the holders of at least 66 2/3% of the outstanding shares of Series A Preferred Stock shall be deemed to apply to the powers, preferences, rights or privileges of any holder of shares of Series A Preferred Stock originally issued upon exercise of a Right after the time of such approval without the approval of such holder.

ARTICLE FIFTH

(a) Special meetings of shareholders of the Corporation may be called only by the Chairman of the Board of Directors or by a majority vote of the entire Board of Directors.

(b) Shareholders of the Corporation shall not have any preemptive rights to subscribe for additional issues of stock of the Corporation except as may be agreed from time to time by the Corporation and any such shareholder.

(c) Notwithstanding the foregoing, whenever the holders of any one or more classes or series of Preferred Stock issued by the Corporation, if any, shall have the right, voting separately by class or series, to elect directors at an annual or special meeting of shareholders, an election, term of office, filling of vacancies and other features of such directorships shall be governed by the terms of the applicable resolution or resolutions of the Board of Directors adopted pursuant to ARTICLE FOURTH of these Articles of Incorporation.

ARTICLE SIXTH

To the fullest extent permitted by applicable law as then in effect, no director or officer shall be personally liable to the Corporation or any of its shareholders for damages for breach of fiduciary duty as a director or officer, except for liability (a) for breach of duty if such breach constitutes wilful misconduct or recklessness or (b) for the payment of distributions to shareholders in violation of Section 23-1-28-3 of the Indiana Business Corporation Law. Any repeal or modification of this ARTICLE SIXTH by the shareholders of the Corporation shall not adversely affect any right or protection of a director or officer of the Corporation existing at the time of such repeal or modification with respect to acts or omissions occurring prior to such repeal or modification.

ARTICLE SEVENTH

The holders of the capital stock of the Corporation shall not be personally liable for the payment of the Corporation's debts and the private property of the holders of the capital stock of the Corporation shall not be subject to the payment of debts of the Corporation to any extent whatsoever.

ARTICLE EIGHTH

Subject to any express provision of the laws of the State of Indiana, these Articles of Incorporation or the By-laws of the Corporation, the By-laws of the Corporation may from time to time be supplemented, amended or repealed, or new By-laws may be adopted, by the Board of Directors at any regular or special meeting of the Board of Directors, if such supplement, amendment, repeal or adoption is approved by a majority of the entire Board of Directors. Subject to any express provision of the laws of the State of Indiana, these Articles of Incorporation or the By-laws of the Corporation, the By-laws of the Corporation may from time to time be supplemented, amended or repealed, or new By-laws may be adopted, by the shareholders at any regular or special meeting of the shareholders at which a quorum is present, if such supplement, amendment, repeal or adoption is approved by the affirmative vote of the holders of at least a majority of the voting power of all outstanding shares of stock of the Corporation entitled to vote generally in an election of directors.

ARTICLE NINTH

The Corporation reserves the right to supplement, amend or repeal any provision contained in these Articles of Incorporation, in the manner now or hereafter prescribed by the laws of the State of Indiana, and all rights conferred on shareholders herein are granted subject to this reservation.

ARTICLE TENTH

The name and address of the incorporator signing these Articles of Incorporation is:

NAME	ADDRESS
George W. Bilicic, Jr.	825 Eighth Avenue New York, New York 10019

These Articles of Restatement of Articles of Incorporation were duly adopted by the Board of Directors of the Corporation in accordance with the provisions of Section 23-1-38-7 of the Indiana Business Corporation Law.

IN WITNESS WHEREOF, I have executed these Articles of Restatement of Articles of Incorporation this 9th day of June, 1997.

/s/ ROBERT W. BEICKE

Name: Robert W. Beicke
Title: Vice President

ATTEST:

/s/ GWENN L. CARR

Name: Gwenn L. Carr
Title: Secretary

ITT INDUSTRIES, INC. AND SUBSIDIARIES
 CALCULATION OF EARNINGS (LOSS) PER SHARE
 (IN MILLIONS, EXCEPT PER SHARE)

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1997	1996	1997	1996
PRIMARY BASIS --				
Net income.....	\$ 82.6	\$ 67.7	\$126.9	\$107.7
Average common shares outstanding.....	118.4	117.9	118.4	117.7
Common shares issuable in respect to common stock equivalents.....	2.1	2.9	2.2	2.8
Average common equivalent shares.....	120.5	120.8	120.6	120.5
Earnings Per Share				
Net income.....	\$.68	\$.56	\$ 1.05	\$.89
FULLY DILUTED BASIS --				
Net income.....	\$ 82.6	\$ 67.7	\$126.9	\$107.7
Average common equivalent shares.....	120.5	120.8	120.6	120.5
Additional common shares issuable assuming full dilution.....	.2	--	.2	--
Average common equivalent shares assuming full dilution.....	120.7	120.8	120.8	120.5
Earnings Per Share				
Net income.....	\$.68	\$.56	\$ 1.05	\$.89

With respect to options, it is assumed that the proceeds to be received upon exercise are used to acquire common stock of the Company. The dilutive nature of securities is determined quarterly based on the forecast of annual earnings.

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)

	SIX MONTHS ENDED JUNE 30,		YEARS ENDED DECEMBER 31,				
	1997	1996	1996	1995	1994	1993	1992
Earnings:							
Income from continuing operations...	\$ 126.9	\$ 107.7	\$ 222.6	\$ 20.7	\$ 201.6	\$ 134.8	\$ 655.0
Add(deduct):							
Adjustment for distributions in excess of (less than) undistributed equity earnings and losses a).....	1.1	1.0	1.9	.6	--	(2.6)	(30.8)
Income taxes.....	81.1	74.8	148.4	50.2	147.5	65.1	311.3
Amortization of interest capitalized.....	.4	.4	.9	2.5	.7	3.9	2.7
	209.5	183.9	373.8	74.0	349.8	201.2	938.2
Fixed Charges:							
Interest and other financial charges.....	64.3	83.2	169.0	175.2	115.2	154.0	180.0
Interest factor attributable to rentals b).....	15.5	15.4	30.9	29.0	22.0	24.2	24.8
	79.8	98.6	199.9	204.2	137.2	178.2	204.8
Earnings, as adjusted, from continuing operations.....	\$ 289.3	\$ 282.5	\$ 573.7	\$ 278.2	\$ 487.0	\$ 379.4	\$ 1,143.0
Fixed Charges:							
Fixed charges above.....	\$ 79.8	\$ 98.6	\$ 199.9	\$ 204.2	\$ 137.2	\$ 178.2	\$ 204.8
Interest capitalized.....	--	.5	1.1	2.9	6.8	8.0	11.6
Total fixed charges.....	79.8	99.1	201.0	207.1	144.0	186.2	216.4
Dividends on preferred stock (pre-income tax basis)c).....	--	--	--	23.4	47.5	50.0	63.0
Total fixed charges and preferred dividend requirements.....	\$ 79.8	\$ 99.1	\$ 201.0	\$ 230.5	\$ 191.5	\$ 236.2	\$ 279.4
Ratios:							
Earnings, as adjusted, from continuing operations to total fixed charges.....	3.63	2.85	2.85	1.34	3.38	2.04	5.28
Earnings, as adjusted, from continuing operations to total fixed charges and preferred dividend requirements.....	3.63	2.85	2.85	1.21	2.54	1.61	4.09

Notes:

- a) The adjustment for distributions 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.

This schedule contains summary financial information extracted from the June 30, 1997 Financial Statements included in Form 10-Q and is qualified in its entirety by reference to such Financial Statements.

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6-MOS	DEC-31-1996	JUN-30-1997
		103
		0
	1,562	38
		860
	2,614	5,328
	3,094	
	6,564	
3,505		575
	0	0
		118
		811
6,564		4,418
	4,418	3,512
	3,765	
	392	
	3	
	64	
	208	
		81
127		0
	0	0
		0
	127	
	1.05	
	1.05	