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

FORM 10-Q

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2004

[ ] 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 [ ]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes [X] No [ ]

As of April 30, 2004, there were outstanding 92,615,401 shares of common stock ($1 par value per share) of the registrant.

ITT INDUSTRIES, INC.

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PART I.

FINANCIAL INFORMATION

ITEM 1. 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 accounting principles generally accepted in the United States of America 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 to the current period presentation. These financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's 2003 Annual Report on Form 10-K.

ITT INDUSTRIES, INC. AND SUBSIDIARIES

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

THREE MONTHS ENDED MARCH 31,	2004	2003
Sales and revenues	$1,515.9	$1,296.4
Costs of sales and revenues	1,007.1	846.4
Selling, general, and administrative expenses	230.2	200.3
Research, development, and engineering expenses	144.9	129.6
Restructuring and asset impairment charges	4.7	10.4
Total costs and expenses	1,386.9	1,186.7
Operating income	129.0	109.7
Interest expense (income), net	1.1	(15.1)
Miscellaneous expense, net	3.6	0.7
Income from continuing operations before income taxes	124.3	124.1
Income tax expense	36.2	37.4
Income from continuing operations	88.1	86.7
Discontinued operations: Income from discontinued operations, including tax expense of $0.4	0.8	--
Net income	$ 88.9	$ 86.7
EARNINGS PER SHARE:		
Income from continuing operations:		
Basic	$ 0.95	$ 0.94
Diluted	$ 0.93	$ 0.92
Discontinued operations:		
Basic	$ 0.01	$ --
Diluted	$ 0.01	$ --
Net income:		
Basic	$ 0.96	$ 0.94
Diluted	$ 0.94	$ 0.92
Cash dividends declared per common share	$ 0.17	$ 0.16
Average Common Shares -- Basic	92.3	91.8
Average Common Shares -- Diluted	94.5	93.7

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

ITT INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED BALANCE SHEETS
(IN MILLIONS, EXCEPT FOR SHARES AND PER SHARE)

	MARCH 31, 2004 (UNAUDITED)	DECEMBER 31, 2003
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 199.1	$ 414.2
Receivables, net	1,161.0	974.6
Inventories, net	618.4	578.5
Deferred income taxes	68.1	68.2
Other current assets	86.0	70.0
Total current assets	2,132.6	2,105.5
Plant, property, and equipment, net	869.9	893.3
Deferred income taxes	374.7	373.3
Goodwill, net	1,845.6	1,629.1
Other intangible assets, net	79.4	74.8
Other assets	969.1	861.6
Total non-current assets	4,138.7	3,832.1
TOTAL ASSETS	$6,271.3	$5,937.6
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 689.5	$ 635.3
Accrued expenses	612.4	653.4
Accrued taxes	276.3	251.9
Notes payable and current maturities of long-term debt	414.6	141.5
Other current liabilities	4.6	4.5
Total current liabilities	1,997.4	1,686.6
Pension benefits	1,183.7	1,187.6
Postretirement benefits other than pensions	215.8	216.2
Long-term debt	471.6	460.9
Other liabilities	535.7	538.6
Total non-current liabilities	2,406.8	2,403.3
TOTAL LIABILITIES	4,404.2	4,089.9
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: 92,271,319 shares as of March 31, 2004 and December 31, 2003, respectively	92.3	92.3
Retained earnings	2,334.3	2,277.1
Accumulated other comprehensive loss:		
Unrealized loss on investment securities and cash flow hedges	(0.5)	(0.6)
Unrealized loss on minimum pension liability	(602.2)	(602.2)
Cumulative translation adjustments	43.2	81.1
Total accumulated other comprehensive loss	(559.5)	(521.7)
Total shareholders' equity	1,867.1	1,847.7
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$6,271.3	$5,937.6

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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)

THREE MONTHS ENDED MARCH 31,	2004	2003
OPERATING ACTIVITIES		
Net income	$ 88.9	$ 86.7
Income from discontinued operations	(0.8)	--
Income from continuing operations	88.1	86.7
Adjustments to income from continuing operations:		
Depreciation and amortization	48.9	45.8
Restructuring and asset impairment charges	4.7	10.4
Payments for restructuring	(9.5)	(5.1)
Change in receivables	(158.3)	(99.7)
Change in inventories	2.6	(9.1)
Change in accounts payable and accrued expenses	(4.2)	(48.2)
Change in accrued and deferred taxes	21.6	17.9
Change in other current and non-current assets	(115.4)	(209.5)
Change in non-current liabilities	0.4	(14.0)
Other, net	5.6	9.1
Net cash -- operating activities	(115.5)	(215.7)
INVESTING ACTIVITIES		
Additions to plant, property, and equipment	(29.0)	(21.8)
Acquisitions, net of cash acquired	(243.0)	(35.1)
Proceeds from sale of assets and businesses	2.6	7.8
Other, net	0.3	--
Net cash -- investing activities	(269.1)	(49.1)
FINANCING ACTIVITIES		
Short-term debt, net	251.2	246.5
Long-term debt repaid	(35.5)	(0.6)
Long-term debt issued	--	0.2
Repurchase of common stock	(39.6)	(2.0)
Proceeds from issuance of common stock	17.3	2.5
Dividends paid	(14.8)	(13.8)
Other, net	--	0.1
Net cash -- financing activities	178.6	232.9
EXCHANGE RATE EFFECTS ON CASH AND CASH EQUIVALENTS	(8.9)	2.4
NET CASH -- DISCONTINUED OPERATIONS	(0.2)	0.9
Net change in cash and cash equivalents	(215.1)	(28.6)
Cash and cash equivalents -- beginning of period	414.2	202.2
CASH AND CASH EQUIVALENTS -- END OF PERIOD	$ 199.1	$ 173.6
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION: Cash paid during the period for:		
Interest	$ 6.5	$ 7.0
Income taxes	$ 14.6	$ 19.6

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

ITT INDUSTRIES, INC. AND SUBSIDIARIES

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

1) RECEIVABLES, NET

Net receivables consist of the following:

	MARCH 31, 2004	DECEMBER 31, 2003
Trade	$1,098.4	$936.3
Other	89.9	67.4
Less: allowance for doubtful accounts and cash discounts	(27.3)	(29.1)
	$1,161.0	$974.6

2) INVENTORIES, NET

Net inventories consist of the following:

	MARCH 31, 2004	DECEMBER 31, 2003
Finished goods	$173.9	$159.4
Work in process	255.5	182.4
Raw materials	288.8	312.8
Less: progress payments	(99.8)	(76.1)
	$618.4	$578.5

3) PLANT, PROPERTY, AND EQUIPMENT, NET

Net plant, property, and equipment consist of the following:

	MARCH 31, 2004	DECEMBER 31, 2003
Land and improvements	$ 58.9	$ 60.5
Buildings and improvements	458.7	465.2
Machinery and equipment	1,602.2	1,618.1
Furniture, fixtures and office equipment	246.3	250.1
Construction work in progress	76.0	68.2
Other	53.3	45.1
	2,495.4	2,507.2
Less: accumulated depreciation and amortization	(1,625.5)	(1,613.9)
	$ 869.9	$ 893.3

4) SALES AND REVENUES AND COSTS OF SALES AND REVENUES

Sales and revenues and costs of sales and revenues consist of the following:

	THREE MONTHS ENDED MARCH 31,	
	2004	2003
Product sales	$1,252.8	$1,097.3
Service revenues	263.1	199.1
Total sales and revenues	$1,515.9	$1,296.4
Costs of product sales	$ 816.5	$ 708.7
Costs of service revenues	190.6	137.7
Total costs of sales and revenues	$1,007.1	$ 846.4

The Defense Electronics & Services segment comprises $235.1 and $178.5 of total service revenues for the three months ended March 31, 2004 and 2003, respectively, and $161.9 and $118.3 of total costs of service revenues, respectively, during the same period. The Fluid Technology segment comprises the remaining balances of service revenues and costs of service revenues.

5) COMPREHENSIVE INCOME

Three Months Ended March 31, 2004	PRETAX INCOME (EXPENSE)	TAX (EXPENSE) BENEFIT	NET-OF-TAX AMOUNT
Net income			$88.9
Other comprehensive income (loss):			
Foreign currency translation adjustments	$(37.9)	$ --	(37.9)
Unrealized gain (loss) on investment securities and cash flow hedges	0.2	(0.1)	0.1
Other comprehensive income (loss)	$(37.7)	$(0.1)	(37.8)
Comprehensive income			$51.1

Three Months Ended March 31, 2003	PRETAX INCOME (EXPENSE)	TAX (EXPENSE) BENEFIT	NET-OF-TAX AMOUNT
Net income			$ 86.7
Other comprehensive income (loss):			
Foreign currency translation adjustments	$22.2	$ --	22.2
Unrealized gain (loss) on investment securities and cash flow hedges	(0.3)	0.1	(0.2)
Other comprehensive income (loss)	$21.9	$0.1	22.0
Comprehensive income			$108.7

6) EARNINGS PER SHARE

The following is a reconciliation of the shares used in the computation of basic and diluted earnings per share for the three months ended March 31, 2004 and 2003:

THREE MONTHS ENDED MARCH 31,	2004	2003
Weighted average shares of common stock outstanding used in the computation of basic earnings per share	92.3	91.8
Common stock equivalents	2.2	1.9
Shares used in the computation of diluted earnings per share	94.5	93.7

The amounts of outstanding antidilutive common stock options excluded from the computation of diluted earnings per share for the three months ended March 31, 2004 and 2003 were 0.0 and 1.5, respectively.

7) STOCK-BASED EMPLOYEE COMPENSATION

At March 31, 2004, the Company has one stock-based employee compensation plan that is issuing new options and restricted shares. The Company also has two stock-based employee compensation plans and two stock-based non-employee director's compensation plans that have options and restricted shares outstanding, but will not be issuing additional stock-based compensation. These plans are described more fully in Note 20, "Shareholders' Equity," within the Notes to Consolidated Financial Statements of the 2003 Annual Report on Form 10-K. The Company accounts for these plans under the recognition and measurement principles of APB Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations. Had compensation expense for these plans been determined based on the fair value recognition provisions of Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation," the Company's net income and earnings per share would have been reduced to the following pro forma amounts:

THREE MONTHS ENDED MARCH 31,	2004	2003
Net income As reported	$88.9	$86.7
Deduct: Total stock-based employee compensation expense determined under the fair value based method for awards not reflected in net income -- net of tax	(3.1)	(1.9)
Pro forma net income	$85.8	$84.8
Basic earnings per share As reported	$0.96	$0.94
Pro forma	0.93	0.92
Diluted earnings per share As reported	$0.94	$0.92
Pro forma	0.91	0.90

The fair value of each option grant was estimated on the date of grant using the Black-Scholes option-pricing model and the following weighted-average assumptions for grants in the three months ended March 31, 2004 and 2003: dividend yield of 1.40% and 1.58%, respectively; expected volatility of 25.84% and 28.77%, respectively; expected life of six years; and risk-free interest rates of 3.66% and 3.38%, respectively.

The value of stock-based compensation that was recognized in selling, general and administrative expenses within the Consolidated Condensed Income Statements during the three month periods ended March 31, 2004 and 2003 was $0.1 and $0.2, respectively.

8) RESTRUCTURING AND ASSET IMPAIRMENT CHARGES

2004 RESTRUCTURING ACTIVITIES

During the first quarter of 2004, the Company recognized a $5.3 charge, primarily for the planned severance of 103 employees. The actions by segment are as follows:

- The Fluid Technology segment recorded $2.7 for the termination of 50 employees, including 15 factory workers and 35 office workers. Asset write-offs and other costs totaling $0.4 and $0.1, respectively, were also recognized during the quarter.

- The Electronic Components segment recorded $1.7 of the charge primarily for the reduction of 35 employees, including 23 factory workers, 11 office workers and one management employee.

- The Motion & Flow Control segment recognized $0.2 for the termination of 16 employees, including three factory workers and 13 office workers.

- Corporate headquarters recorded $0.2 for the severance of one office worker and one management employee.

2003 RESTRUCTURING ACTIVITIES

During the fourth quarter of 2003, the Company announced actions to reduce operating costs primarily through the reduction of headcount. The new $15.4 restructuring charge primarily reflects the severance of 301 employees. The actions by segment are as follows:

- The Electronic Components segment recorded $1.5 of the charge for the termination of 132 employees, including 113 factory workers, 14 office workers and five management employees.

- The Fluid Technology segment recognized $12.4 of the charge for the severance of 134 employees, including 39 factory workers, 90 office workers and five management employees. Lease and other costs represent $0.3 of the charge. The segment also recorded a $0.2 charge associated with the disposal of machinery and equipment.

- The Defense Electronics & Services segment recorded a $1.0 charge for the severance of 35 employees, including seven factory workers, 19 office workers and nine management employees.

In addition to the new restructuring actions announced during the fourth quarter, the Motion & Flow Control segment recognized $0.5 of severance and employee benefit costs related to actions announced during the first quarter and the Electronic Components segment recognized $0.2 of outplacement related to actions announced earlier in 2003.

During the third quarter of 2003, the Company announced actions to reduce operating costs primarily through the reduction of headcount. The new $2.6 restructuring charge primarily reflects the planned severance of 72 employees. The actions by segment are as follows:

- The Electronic Components segment recorded $1.2 of the charge for the planned termination of 40 employees, including 15 factory workers and 25 office workers. The segment also recorded a $0.1 charge associated with the disposal of machinery and equipment.

- The Fluid Technology segment recognized a $0.5 charge for the planned severance of 13 factory workers and 14 office workers. Lease and other costs represent $0.4 of the charge.

- The Motion & Flow Control segment recorded a $0.4 charge for the planned severance of one management employee and four office workers.

In addition to the new restructuring actions announced during the third quarter, the Motion & Flow Control segment recognized $0.2 of severance and employee benefit costs related to actions announced during the first quarter.

During the second quarter of 2003, the Company continued its program to reduce structural costs and increase profitability. New restructuring actions totaling $4.7 were announced during the period. The charge primarily reflected the planned severance of 148 employees and the cancellation of an operating lease. The actions by segment are as follows:

- The Electronic Components segment comprises $2.7 of the charge and the actions taken at this segment include the planned termination of six management employees, 19 factory workers and 71 office workers.

- The Motion & Flow Control segment recognized $1.0 for the planned severance of 50 employees, including six management employees, 31 factory workers and 13 office workers. Lease termination fees of $0.7 and asset disposal costs of $0.1 were also reflected in the charge.

- At Corporate Headquarters, a charge of $0.2 was recorded for the planned termination of one management employee and one office worker.

In addition to the new restructuring actions announced during the second quarter, the Motion & Flow Control segment recognized $1.2 of severance and employee benefit costs related to actions announced during the first quarter.

During the first quarter of 2003, the Company recorded a $9.0 restructuring charge primarily for the planned severance of 465 persons. Severance of $8.3 represents the majority of the charge. The actions by segment are as follows:

- The Electronic Components segment recorded $6.8 of the charge for the planned termination of 226 persons, comprised of 101 office workers, 116 factory workers and nine management employees. Idle facility costs of $0.3 and asset disposal costs of $0.4 were also reflected in the charge. The actions were prompted by management's projections of continued weakness in certain businesses.

- Corporate Headquarters recorded $1.1 of the charge for the consolidation of administrative tasks, including the planned termination of two management employees.

- The Motion & Flow Control segment recorded $0.4 of the charge for the planned termination of 237 employees, comprised of 21 office workers and 216 factory workers. The charge relates to the closure of a manufacturing facility in Arkansas. The actions will be completed during 2003 and 2004 and the total estimated charge of approximately $2.6 will be recognized ratably over the restructuring period as the terminations become effective. Management deemed the restructuring actions necessary to address the anticipated loss of certain platforms during the second half of 2003.

Also during 2003, the Company recorded a $1.4 asset impairment charge primarily for a technology license that will not be utilized based on management's projections of future market conditions. The applicable assets were written down to their fair values based on management's comparison of projected future discounted cash flows generated by each asset to the applicable asset's carrying value. These impairments were unrelated to the Company's restructuring activities.

The following is a rollforward of the accrued cash restructuring balances for all restructuring plans.

	FLUID TECHNOLOGY	DEFENSE ELECTRONICS & SERVICES	MOTION & FLOW CONTROL	ELECTRONIC COMPONENTS	CORPORATE AND OTHER	TOTAL
Balance December 31, 2003......	$11.3	$0.8	$3.7	$3.5	$0.8	$20.1
Payments for prior charges.....	(4.8)	(0.4)	(1.3)	(1.0)	(0.3)	(7.8)
Reversal of prior charges......	(0.2)	--	--	(0.4)	--	(0.6)
2004 restructuring charges.....	2.8	--	0.2	1.7	0.2	4.9
Payments for 2004 charges......	(0.4)	--	(0.1)	(1.2)	--	(1.7)
Other, including translation...	(0.4)	(0.1)	0.1	--	(0.1)	(0.5)
Balance March 31, 2004.........	$ 8.3	$0.3	$2.6	$2.6	$0.6	$14.4

During the first quarter of 2004, $0.2 and $0.4 of restructuring accruals related to 2003 and 2001 restructuring actions, respectively, were reversed into income. The reversals related to the 2003 actions primarily reflect lower than anticipated severance costs on completed actions due to favorable employee attrition at the Electronic Components segment. The reversals associated with the 2001 actions represent lower than anticipated closed facility costs.

At December 31, 2003, the accrual balance for restructuring activities was $20.1. Cash payments of $9.5 and an additional cash charge of $4.9 were recorded in the first three months of 2004. The accrual balance at March 31, 2004 is $14.4, which includes $12.7 for severance and $1.7 for facility carrying costs and other.

As of December 31, 2003, remaining actions under restructuring activities announced in 2003, 2002 and 2001 were to close one facility and reduce headcount by 208. During the first three months of 2004, the Company reduced headcount by 177 persons related to all plans, leaving a balance of 131 planned reductions. Actions announced during the first quarter of 2004 will be completed by the end of the second quarter of 2004. Actions announced during 2003 will be substantially completed by the end of the third quarter of 2004. All of the actions contemplated under the 2002 and 2001 plans were substantially completed in 2003. Closed facility expenditures and severance run-off related to the 2001 plan will continue to be incurred in 2004. Future restructuring expenditures will be funded with cash from operations, supplemented, as required, with commercial paper borrowings.

9) DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The nature of the Company's business activities necessarily involves the management of various financial and market risks, including those related to changes in interest rates, currency exchange rates, and commodity prices. As discussed more completely in Notes 1, "Accounting Policies", and 18, "Financial Instruments," within the Notes to Consolidated Financial Statements of the 2003 Annual Report on Form 10-K, the Company uses derivative financial instruments to mitigate or eliminate certain of those risks.

At March 31, 2004 and December 31, 2003, the values of the Company's interest rate swaps were $100.3 and $81.6, including $8.1 and $4.0 of accrued interest, respectively.

A reconciliation of current period changes contained in the accumulated other comprehensive loss component of shareholders' equity is not required as no material activity occurred during the first three months of 2004 and 2003. Additional disclosures required by SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended, are presented below.

HEDGES OF FUTURE CASH FLOWS

At March 31, 2004 and December 31, 2003 the Company had no foreign currency cash flow hedges outstanding.

HEDGES OF RECOGNIZED ASSETS, LIABILITIES AND FIRM COMMITMENTS

At March 31, 2004 and December 31, 2003, the Company had foreign currency forward contracts with notional amounts of $73.0 and $81.1, respectively, to hedge the value of recognized assets, liabilities and firm commitments. The fair value of the 2004 and 2003 contracts were $(0.5) and $0.2 at March 31, 2004 and December 31, 2003, respectively. The ineffective portion of changes in fair values of such hedge positions reported in operating income during the first three months of 2004 and 2003 amounted to $(0.1) and $0.0, respectively. There were no amounts excluded from the measure of effectiveness.

The fair values associated with the foreign currency contracts have been valued using the net position of the contracts and the applicable spot rates and forward rates as of the reporting date.

10) GOODWILL AND OTHER INTANGIBLE ASSETS

The Company follows the provisions of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," which requires that goodwill and indefinite-lived intangible assets be tested for impairment on an annual basis, or more frequently if circumstances warrant. Annual goodwill impairment tests were completed in the first quarters of 2004 and 2003 (as of the beginning of the year) and it was determined that no impairment exists.

Changes in the carrying amount of goodwill for the quarter ended March 31, 2004, by business segment, are as follows:

	FLUID TECHNOLOGY	DEFENSE ELECTRONICS & SERVICES	MOTION & FLOW CONTROL	ELECTRONIC COMPONENTS	CORPORATE AND OTHER	TOTAL
Balance as of December 31, 2003	$ 809.4	$303.7	$181.6	$329.4	$5.0	$1,629.1
Goodwill acquired during the period	224.3	--	--	--	--	224.3
Other, including foreign currency translation	(7.7)	--	(0.9)	0.8	--	(7.8)
Balance as of March 31, 2004	$1,026.0	$303.7	$180.7	$330.2	$5.0	$1,845.6

Information regarding the Company's other intangible assets follows:

	MARCH 31, 2004	DECEMBER 31, 2003
Finite-lived intangibles -- Patents and other	$39.4	$34.1
Accumulated amortization	(9.1)	(8.4)
Indefinite-lived intangibles -- Brands and trademarks	17.7	17.7
Pension related	31.4	31.4
Net intangibles	$79.4	$74.8

Amortization expense related to intangible assets for the three month periods ended March 31, 2004 and 2003 was $0.7 and $0.4, respectively. Estimated amortization expense for each of the five succeeding years is $3.0 per year.

11) DISCONTINUED OPERATIONS

In September of 1998, the Company completed the sales of its automotive Electrical Systems business to Valeo SA for approximately $1,700 and its Brake and Chassis unit to Continental AG of Germany for approximately $1,930. These dispositions were treated as discontinued operations. In 1998, the Company received notifications of claims from the buyers of the automotive business requesting post-closing adjustments to the purchase prices under the provisions of the sales agreements. In 1999, those claims were submitted to arbitration. In 2001 and early in 2002, both claims were favorably resolved.

At March 31, 2004, the Company had automotive discontinued operations accruals of $186.1 that are primarily related to taxes ($154.2), product recalls ($7.8), environmental obligations ($14.2) and employee benefits ($9.9). During the first quarter of 2004, the Company paid thirty six thousand dollars of its automotive discontinued operations liabilities. The Company expects that it will cash settle $154.2 of tax obligations in 2004 or 2005.

12) PENSION AND POSTRETIREMENT MEDICAL BENEFIT EXPENSES

The components of net periodic pension cost consist of the following:

THREE MONTHS ENDED MARCH 31,	2004	2003
Components of net periodic pension cost:		
Service cost	$ 20.8	$ 18.3
Interest cost	66.1	64.1
Expected return on plan assets	(83.7)	(81.8)
Amortization of transition assets	--	0.1
Amortization of prior service cost	1.7	1.6
Recognized actuarial loss	12.7	6.0
Net periodic pension cost	$ 17.6	$ 8.3

Net periodic pension expense increased in the first quarter of 2004 as a result of the lower discount rate adopted at year end 2003, higher average foreign exchange rates, lower expected returns on assets as a result of the operation of the asset smoothing method reflecting adverse financial experience in 2002 and 2001 and a higher amortization of actuarial losses.

The Company contributed approximately $100.0 to its various plans during the first quarter of 2004. Additional contributions totaling between $5.0 and $10.0 are expected over the balance of 2004.

The components of net periodic postretirement cost consist of the following:

	THREE MONTHS ENDED MARCH 31,	
	2004	2003
Components of net periodic postretirement cost:		
Service cost...	$ 1.8	$ 1.7
Interest cost..	9.8	9.7
Expected return on plan assets...........................	(4.7)	(3.9)
Amortization of prior service benefit....................	(1.0)	(1.0)
Recognized actuarial loss................................	3.5	3.9
Net periodic postretirement cost.........................	$ 9.4	$10.4

Net periodic expense decreased in the first quarter of 2004 as a result of the higher than expected return on invested assets and lower than expected benefit payments during 2003.

13) COMMITMENTS AND CONTINGENCIES

The Company and its subsidiaries are from time to time involved in legal proceedings that are incidental to the operation of their businesses. Some of these proceedings allege damages against the Company relating to environmental liabilities, employment and pension matters, government contract issues and commercial or contractual disputes, sometimes related to acquisitions or divestitures. The Company will continue to vigorously defend itself against all claims. Accruals have been established where the outcome of the matter is probable and can be reasonably estimated. Although the ultimate outcome of any legal matter cannot be predicted with certainty, based on present information including the Company's assessment of the merits of the particular claim, as well as its current reserves and insurance coverage, the Company does not expect that such legal proceedings will have any material adverse impact on the cash flow, results of operations or financial condition of the Company on a consolidated basis in the foreseeable future.

ENVIRONMENTAL

The Company has accrued for environmental remediation costs associated with identified sites consistent with the policy set forth in Note 1, "Accounting Policies" in the Notes to Consolidated Financial Statements of the 2003 Annual Report on Form 10-K. In management's opinion, the total amount accrued and related receivables are appropriate based on existing facts and circumstances. It is difficult to estimate the total costs of investigation and remediation due to various factors, including incomplete information regarding particular sites and other potentially responsible parties, uncertainty regarding the extent of contamination and the Company's share, if any, of liability for such conditions, the selection of alternative remedies, and changes in clean-up standards. In the event that future remediation expenditures are in excess of amounts accrued, management does not anticipate that they will have a material adverse effect on the consolidated financial position, results of operations or cash flows.

In the ordinary course of business, and similar to other industrial companies, the Company is subject to extensive and changing federal, state, local, and foreign environmental laws and regulations. The Company has received notice that it is considered a potentially responsible party ("PRP") at a limited number of sites by the United States Environmental Protection Agency ("EPA") and/or a similar state agency under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA" or "Superfund") or its state equivalent. As of March 31, 2004, the Company is responsible, or is alleged to be responsible, for 104 environmental investigation and remediation sites in various countries. In many of these proceedings, the

Company's liability is considered de minimis. At March 31, 2004, the Company calculated a best estimate of $108.0, which approximates its accrual, related to the cleanup of soil and ground water. The low range estimate for its environmental liabilities is $80.0 and the high range estimate for those liabilities is $171.0. On an annual basis the Company spends between $8.0 and $11.0 on its environmental remediation liabilities. These estimates, and related accruals, are reviewed periodically and updated for progress of remediation efforts and changes in facts and legal circumstances. Liabilities for environmental expenditures are recorded on an undiscounted basis.

The Company is involved in an environmental proceeding in Glendale, California relating to the San Fernando Valley aquifer. The Company is one of numerous PRPs who are alleged by the EPA to have contributed to the contamination of the aquifer. In January 1999, the EPA filed a complaint in the United States District Court for the Central District of California against the Company and Lockheed Martin Corporation, United States v. ITT Industries, Inc. and Lockheed Martin Corp. CV99-00552 SVW AIJX, to recover costs it incurred in connection with the foregoing. In May 1999, the EPA and the PRPs, including the Company and Lockheed Martin, reached a settlement, embodied in a consent decree, requiring the PRPs to perform additional remedial activities. Pursuant to the settlement, the PRPs, including the Company, have constructed and are operating a water treatment system. The operation of the water treatment system is expected to continue until 2013. ITT and the other PRPs continue to pay their respective allocated costs of the operation of the water treatment system and the Company does not anticipate a default by any of the PRPs which would increase its allocated share of the liability. As of March 31, 2004, the Company's accrual for this liability was $10.9 representing its best estimate; its low estimate for the liability is $7.4 and its high estimate is $16.4.

ITT Corporation operated a facility in Madison County, Florida from 1968 until 1991. In 1995, elevated levels of contaminants were detected at the site. Since then, ITT has completed the investigation of the site in coordination with state and federal environmental authorities and is in the process of evaluating various remedies. A remedy for the site has not yet been selected. Currently, the estimated range for the remediation is between $5.9 and $20.1. The Company has accrued $10.5 for this matter, which approximates its best estimate.

The Company is involved with a number of PRPs regarding property in the City of Bronson, Michigan operated by a former subsidiary of ITT Corporation, Higbie Manufacturing, prior to the time ITT acquired Higbie. The Company and other PRPs are investigating and remediating discharges of industrial waste which occurred in the 1930's. The Company's current estimates for its exposure are between $3.9 and $13.2. It has an accrual for this matter of $9.8 which represents its best estimate of its current liabilities. The Company does not anticipate a default on the part of the other PRPs.

In a suit filed in 1991 by the Company, in the California Superior Court, Los Angeles County, ITT Corporation, et al. v. Pacific Indemnity Corporation et al., against its insurers, the Company is seeking recovery of costs it incurred in connection with its environmental liabilities including the three listed above. Discovery, procedural matters, changes in California law, and various appeals have prolonged this case. Currently, the matter is before the California Court of Appeals from a decision by the California Superior Court dismissing certain claims of the Company. The dismissed claims were claims where the costs incurred were solely due to administrative (versus judicial) actions. A hearing is expected in 2004. In the event the appeal is successful, the Company will pursue the administrative claims against its excess insurers. During the course of the litigation the Company has negotiated settlements with certain defendant insurance companies and is prepared to pursue its legal remedies where reasonable negotiations are not productive. A portion of the recoveries from the insurance settlements have been placed in a trust and are used to reimburse the Company for its environmental costs.

PRODUCT LIABILITY

The Company and its subsidiary Goulds Pumps, Inc. ("Goulds") have been joined as defendants with numerous other industrial companies in product liability lawsuits alleging injury due to asbestos. These actions against the Company have been managed by our historic product liability insurance carriers. These claims stem primarily from products sold prior to 1985 that contained a part manufactured by a third party, e.g., a gasket, which allegedly contained asbestos. The asbestos was encapsulated in the gasket (or other) material and was non-friable. In certain other cases, it is alleged that former ITT companies were distributors for other manufacturers' products that may have contained asbestos.

Frequently, the plaintiffs are unable to demonstrate any injury or do not identify any ITT or Goulds product as a source of asbestos exposure. During 2003, ITT and Goulds resolved approximately 2,000 claims through settlement or dismissal. The average amount of settlement per plaintiff has been nominal and substantially all defense and settlement costs have been covered by insurance. Based upon past claims experience, available insurance coverage, and after consultation with counsel, management believes that these matters will not have a material adverse effect on the Company's consolidated financial position, results of operations, or cash flows.

The Company is involved in two actions, Cannon Electric, Inc. et al. v. Ace Property & Casualty Company et al. Superior Court, County of Los Angeles, CA., Case No. BC 290354, and Pacific Employers Insurance Company et al., v. ITT Industries, Inc., et al., Supreme Court, County of New York, N.Y., Case No. 03600463. The parties in both cases are seeking an appropriate allocation of responsibility for the Company's historic asbestos liability exposure among its insurers. The California action is filed in the same venue where the Company's environmental insurance recovery litigation has been pending since 1991. Both actions have been stayed to allow the parties to negotiate an acceptable allocation arrangement. In April 2004, the Company and Ace Property & Casualty Company entered into an agreement resolving both cases as they relate to Ace Property & Casualty Company. The Company will pursue similar agreements with several of its other insurers. In addition, Utica National, Goulds' historic insurer, has requested that the Company negotiate a coverage in place agreement to allocate the Goulds asbestos liabilities between insurance policies issued by Utica and those issued by others. The parties are currently negotiating the terms of such an agreement. The Company is continuing to receive the benefit of insurance payments during the pendency of these proceedings. The Company believes that these actions will not materially affect the availability of its insurance coverage and will not have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

The Company is one of several defendants in a suit filed in El Paso, Texas, Bund zur Unterstutzung Radargeschadigter et al. v. ITT Industries et al., Sup. Ct., El Paso, Texas, C.A. No. 2002-4730. This Complaint, filed by both U.S. and German citizens, alleges that ITT and four other major companies failed to warn the plaintiffs of the dangers associated with exposure to x-ray radiation from radar devices. The Complaint also seeks the certification of a class of similarly injured persons. The Company's aviation insurers are contributing to the defense of this matter. Management believes that this matter will not have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

The Company has received notice of a product liability suit filed in Superior Court of New York, Danis v. Rule Industries et al., Sup. Ct. N.Y., C.A. No. 115975-02, seeking damages for injuries sustained in a boat explosion. The suit contains a number of causes of action against various defendants including the boat manufacturer, the marina operator, and individuals working at the marina. As to the Company, the Complaint alleges that a fume detector, manufactured by ITT's subsidiary Rule Industries, Inc. prior to the date the Company acquired Rule, malfunctioned. The Company's insurer is on notice of this matter. Management

believes that this matter will not have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

The Company has received demands from U.S. Silica for partial indemnity regarding personal injury actions alleging injury due to silica. In 1985, the Company sold the stock of its subsidiary Pennsylvania Glass Sand to U.S. Silica. As part of that transaction, the Company provided an indemnity to U.S. Silica for silica personal injury suits. That indemnity expires in September 2005. Costs incurred in these matters related to the defense, settlements or judicial awards are allocated between U.S. Silica and the Company. The Company's allocated portion is paid in part by its historic product liability carriers and then shared pursuant to the Distribution Agreement. See "Company History and Certain Relationships" within Part 1, Item 1 of the 2003 Annual Report on Form 10-K for a description of the Distribution Agreement. Management believes that these matters will not have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

OTHER

The Company has received a Notice of Claim from Rayonier, Inc., a former subsidiary of the Company's predecessor ITT Corporation. This claim stems from the 1994 Distribution Agreement for the spinoff of Rayonier by ITT Corporation and seeks an allocation of proceeds from certain settlements in connection with the Company's environmental insurance recovery litigation. The parties are seeking a resolution of this matter through arbitration. The Company believes the claim is grossly overstated and will not have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

14) GUARANTEES, INDEMNITIES AND WARRANTIES

GUARANTEES & INDEMNITIES

In September of 1998, the Company completed the sale of its automotive electrical systems business to Valeo SA for approximately $1,700. As part of the sale, the Company provided Valeo SA with representations and warranties with respect to the operations of the Business, including: Conveyance of Title, Employee Benefits, Tax, Product Liability, Product Recall, Contracts, Environmental, Intellectual Property, etc. The Company also indemnified Valeo SA for losses related to a misrepresentation or breach of the representations and warranties. With a few limited exceptions, the indemnity periods within which Valeo SA may assert new claims have expired. Under the terms of the sales contract, the original maximum potential liability to Valeo SA on an undiscounted basis is $680. However, because of the lapse of time, or the fact that the parties have resolved certain issues, at March 31, 2004 the Company has an accrual of $7.8 which is its best estimate of the potential exposure.

In September of 1998, the Company completed the sale of its brake and chassis unit to Continental AG for approximately $1,930. As part of the sale, the Company provided Continental AG with representations and warranties with respect to the operations of that Business, including: Conveyance of Title, Employee Benefits, Tax, Product Liability, Product Recall, Contracts, Environmental, Intellectual Property, etc. The Company also indemnified Continental AG for losses related to a misrepresentation or breach of the representations and warranties. With a few limited exceptions, the indemnity periods within which Continental AG may assert new claims have expired. Under the terms of the sales contract, the original maximum potential liability to Continental AG on an undiscounted basis is $950. However, because of the lapse of time, or the fact that the parties have resolved certain issues, at March 31, 2004 the Company has an accrual of $14.2 which is its best estimate of the potential exposure.

Since its incorporation in 1920, the Company has acquired and disposed of numerous entities. The related acquisition and disposition agreements contain various representation and warranty clauses and may provide

indemnities for a misrepresentation or breach of the representations and warranties by either party. The indemnities address a variety of subjects; the term and monetary amounts of each such indemnity are defined in the specific agreements and may be affected by various conditions and external factors. Many of the indemnities have expired either by operation of law or as a result of the terms of the agreement. The Company does not have a liability recorded for the historic indemnifications and is not aware of any claims or other information that would give rise to material payments under such indemnities. The Company has separately discussed material indemnities provided within the last eight years.

The Company provided three guarantees with respect to its real estate development activities in Flagler County, Florida. Two of these guarantee bonds were issued by the Dunes Community Development District (the District). The bond issuances were used primarily for the construction of infrastructure, such as water and sewage utilities and a bridge. The Company would be required to perform under these guarantees if the District failed to provide interest payments or principal payments due to the bond holders. The maximum amount of the undiscounted future payments on these guarantees equal $28.9. At March 31, 2004, the Company does not believe that a loss contingency is probable for these guarantees and therefore does not have an accrual recorded in its financial statements. The third guaranty is a performance bond in the amount of $10.0 in favor of Flagler County, Florida. The Company would be required to perform under this guarantee if certain parties did not satisfy all aspects of the development order, the most significant aspect being the expansion of a bridge. The maximum amount of the undiscounted future payments on the third guarantee equals $10.0. At March 31, 2004, the Company has an accrual related to the expansion of a bridge in the amount of $10.0.

In December of 2002, the Company entered into a sales-type lease agreement for its corporate aircraft and then leased the aircraft back under an operating lease agreement. The Company has provided, under the agreement, a residual value guarantee to the counterparty in the amount of $44.8, which is the maximum amount of undiscounted future payments. The Company would have to make payments under the residual value guarantee only if the fair value of the aircraft was less than the residual value guarantee upon termination of the agreement. At March 31, 2004, the Company does not believe that a loss contingency is probable and therefore does not have an accrual recorded in its financial statements.

PRODUCT WARRANTIES

Accruals for estimated expenses related to warranties are made at the time products are sold or services are rendered. These accruals are established using historical information on the nature, frequency, and average cost of warranty claims. The Company warrants numerous products, the terms of which vary widely. In general, the Company warrants its products against defect and specific nonperformance. In the automotive businesses, liability for product defects could extend beyond the selling price of the product and could be significant if the defect shuts down production or results in a recall. At March 31, 2004, the Company has a product warranty accrual in the amount of $36.0.

ITT INDUSTRIES, INC. AND SUBSIDIARIES

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

PRODUCT WARRANTY LIABILITIES

ACCRUALS FOR PRODUCT CHANGES IN PRE- EXISTING BEGINNING BALANCE WARRANTIES ISSUED WARRANTIES INCLUDING ENDING BALANCE JANUARY 1, 2004 IN THE PERIOD CHANGES IN ESTIMATES (PAYMENTS) MARCH 31, 2004 - --- ---------- ---- ----- ---------- -- ------- ---------- ------ --- ------- -- ---------- -- $34.5 $7.0 $(0.9) $(4.6) $36.0 ----- - ---- --- -- ----- - ----

ACCRUALS FOR PRODUCT CHANGES IN PRE- EXISTING BEGINNING BALANCE WARRANTIES ISSUED WARRANTIES INCLUDING ENDING BALANCE JANUARY 1, 2003 IN THE PERIOD CHANGES IN ESTIMATES (PAYMENTS) MARCH 31, 2003 - --- ---------- ---- ----- ---------- -- ------- ---------- ------ --- ------- -- ---------- -- $40.4 $4.1

$(0.5)
$(4.1)
$39.9

15) BUSINESS SEGMENT INFORMATION

Unaudited financial information of the Company's business segments for the three months ended March 31, 2004 and 2003 were as follows:

THREE MONTHS ENDED MARCH 31, 2004	FLUID TECHNOLOGY	DEFENSE ELECTRONICS & SERVICES	MOTION & FLOW CONTROL	ELECTRONIC COMPONENTS	CORPORATE AND OTHER	TOTAL
Sales and revenues..........	$ 574.9	$506.5	$274.0	$161.8	$ (1.3)	$1,515.9
Costs of sales and revenues..................	381.0	314.0	198.6	112.5	1.0	1,007.1
Selling, general, and administrative expenses...	124.0	32.7	25.7	32.7	15.1	230.2
Research, development, and engineering expenses......	14.0	111.1	10.4	9.4	--	144.9
Restructuring and asset impairment charges........	3.2	--	0.2	1.7	0.2	5.3
Reversal of restructuring charge....................	(0.2)	--	--	(0.4)	--	(0.6)
Total costs and expenses....	522.0	457.8	234.9	155.9	16.3	1,386.9
Operating income (expense).................	52.9	48.7	39.1	5.9	(17.6)	129.0
Total assets................	2,365.1	915.3	733.3	765.4	1,492.2	6,271.3

THREE MONTHS ENDED MARCH 31, 2003	FLUID TECHNOLOGY	DEFENSE ELECTRONICS & SERVICES	MOTION & FLOW CONTROL	ELECTRONIC COMPONENTS	CORPORATE AND OTHER	TOTAL
Sales and revenues..........	$ 503.6	$391.4	$258.1	$144.8	$ (1.5)	$1,296.4

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Costs of sales and revenues.................. 334.0 228.4 187.8 98.0 (1.8) 846.4 Selling, general, and administrative expenses... 101.4 27.4 23.2 29.9 18.4 200.3 Research, development, and engineering expenses...... 11.9 101.2 8.7 7.8 -- 129.6 Restructuring and asset impairment charges........ -- -- 0.4 8.9 1.1 10.4 -------- ------ ------ ------ -------- -------- Total costs and expenses.... 447.3 357.0 220.1 144.6 17.7 1,186.7 -------- ------ ------ ------ -------- -------- Operating income (expense)................. 56.3 34.4 38.0 0.2 (19.2) 109.7 ======== ====== ====== ====== ======== ======== Total assets................ 1,908.0 880.2 691.4 760.0 1,497.2 5,736.8

(16) QUARTERLY FINANCIAL PERIODS

The Company's quarterly financial periods end on the Saturday before the last day of the quarter, except for the last quarterly period of the fiscal year, which ends on December 31st. For simplicity of presentation, the quarterly financial statements included herein are presented as ending on the last day of the quarter. The presentation is consistent for all periods.

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

RESULTS OF OPERATIONS

EXECUTIVE SUMMARY

The Company produced strong operating performance in the first quarter of 2004. Revenues grew 16.9% from the comparable prior year quarter. Acquisitions and foreign currency contributed 6.7% of the growth and the remaining 10.2% of the increase was attributable to higher volume in the Defense Electronics & Services, Fluid Technology and Electronic Components segments. These results reflect the strength of the Company's portfolio of businesses and the introduction of new products. Based on these results and current/projected market conditions, the Company projects full year 2004 revenue between $6,450 million and $6,600 million.

Operating income in the first quarter of 2004 was 17.6% higher than the first quarter of 2003. The increase reflects higher volume, partially offset by acquisition integration and start up costs primarily attributable to the acquisition of WEDECO AG Water Technology. Management projects full year 2004 segment operating margin to be between 11.1% and 11.5%

Diluted earnings per share were $0.94 for the quarter and include the impact of favorable tax settlements, $0.5, and restructuring $(0.3). Diluted earnings per share for the comparable prior year quarter were $0.92 and include the impact of favorable tax settlements, $0.17, and restructuring $(0.08). Full year 2004 diluted earnings per share are projected to be between $4.40 and $4.50.

The Company used $115.5 million of cash in operating activities. The primary factors for this performance were a $100.0 million prepaid pension contribution and a $158.3 million increase in accounts receivable, reflecting increased sales volume and the timing of shipments. Net income generated from continuing operations and an increase in accounts payable partially offset these items. The Company projects cash from operating activities to be between $485.0 million and $535.0 million for the twelve months ended December 31, 2004.

THREE MONTHS ENDED MARCH 31, 2004 COMPARED WITH THREE MONTHS ENDED MARCH 31, 2003

Sales and revenues for the first quarter of 2004 were $1,515.9 million, an increase of $219.5 million, or 16.9%, from the same period for 2003. Costs of sales and revenues of $1,007.1 million for the first quarter of 2004 increased $160.7 million, or 19.0%, from the comparable 2003 period. The increases in sales and revenues and costs of sales and revenues are primarily attributable to higher volume in the Defense Electronics & Services, Fluid Technology and Electronic Components segments, contributions from acquisitions made by the Fluid Technology segment and the impact of foreign currency translation. The increase in costs of sales also reflects a change in product mix in the Defense Electronics & Services segment.

Selling, general and administrative ("SG&A") expenses for the first quarter of 2004 were $230.2 million, an increase of $29.9 million, or 14.9%, from the first quarter of 2003. The increase in SG&A expenses was primarily due to increased marketing expense in most segments, including expenses from two first quarter acquisitions, higher general and administrative expenses and other operating expenses. Higher general and administrative costs reflect additional employee benefit costs, the cost of process improvement initiatives, administrative expenses related to the two first quarter acquisitions and increased other administrative expenses.

Research, development and engineering ("RD&E") expenses for the first quarter of 2004 increased $15.3 million, or 11.8%, compared to the first quarter of 2003. The increase is attributable to increased spending in all segments.

During the first quarter of 2004, the Company recorded a $5.3 million restructuring charge to streamline its operating structure. The charge primarily reflected the planned reduction of 103 persons. Additionally, $0.6 million of restructuring accruals related to 2003 and 2001 restructuring actions were reversed into income, as management determined that certain cash expenditures would not be incurred. During the first

quarter of 2003, the Company recorded a $9.0 million restructuring charge to reduce operating costs. The charge primarily reflected the planned reduction of 465 persons. Additionally, in 2003, the Company recorded an asset impairment charge of $1.4 million primarily to write-off a technology license that will not be utilized in the foreseeable future due to projected market conditions. Refer to the section entitled "Status of Restructuring and Asset Impairments" and Note 8, "Restructuring and Asset Impairment Charges," in the Notes to Consolidated Condensed Financial Statements for additional information.

Operating income for the first quarter of 2004 was $129.0 million, an increase of $19.3 million, or 17.6%, over the first quarter of 2003. The increase is primarily due to improved sales and revenues at each of the segments offset by increased SG&A and RD&E expenses. Segment operating margin for the first quarter of 2004 was 9.7%, which was 0.2% below the segment operating margin for the comparable 2003 period. The decrease reflects the impact of Fluid Technology acquisitions, which produced operating margins below the segment average and changes in sales mix in the Fluid Technology segment, partially offset by higher operating margins in the Defense Electronics & Services segment.

Interest expense was $1.1 million (net of interest income of $5.3 million, of which $4.3 million relates to a 2004 tax settlement) for the first quarter of 2004. The Company recognized $15.1 million of interest income during the first quarter of 2003. The variance between years is primarily due to interest income of $22.1 million related to a 2003 first quarter tax refund.

Income tax expense was $36.2 million in the first quarter of 2004, flat with the comparable prior year period.

Income from continuing operations was $88.1 million, or $0.93 per diluted share compared to $86.7 million or $0.92 per diluted share for the first quarter of 2003. The increase reflects the results discussed above.

During the first quarter of 2004, the Company recognized $0.8 million of income from discontinued operations. The income primarily relates to the receipt of a tax refund pertaining to the Company's discontinued businesses.

Fluid Technology's sales and revenues and costs of sales and revenues increased $71.3 million, or 14.2%, and $47.0 million, or 14.1%, respectively, in the first quarter of 2004 compared to the first quarter of 2003. Higher organic sales in the water/wastewater markets and industrial products businesses, acquisition revenue from the water treatment business and the impact of foreign currency translation were the primary factors for the increases. SG&A for the first quarter of 2004 increased $22.6 million, or 22.3%, compared to 2003, mainly due to increased advertising costs, sales commissions and administrative costs in most businesses, and costs attributable to 2004 acquisitions. During the first quarter of 2004, the segment recorded a $3.2 million restructuring charge mainly related to a planned reduction in headcount (refer to the section entitled "Status of Restructuring and Asset Impairments" and Note 8, "Restructuring and Asset Impairment Charges," in the Notes to Consolidated Condensed Financial Statements for additional information). Additionally, $0.2 million of restructuring accruals were reversed into income as closed facility costs were less than initially anticipated. Operating income for the first quarter of 2004 was down $3.4 million, or 6.0%, compared to the first quarter of 2003 due to the activities discussed above.

Defense Electronics & Services' sales and revenues and costs of sales and revenues for the first quarter of 2004 increased $115.1 million, or 29.4%, and $85.6 million, or 37.5%, respectively, from the comparable prior year period. The increases are primarily due to higher volume in the night vision, aerospace communications and systems businesses. Additionally, a change in product mix also contributed to the increase in costs of sales and revenues. SG&A expenses increased $5.3 million, or 19.3%, primarily due to increased employee benefit and administrative costs and other operating expenses. RD&E expenses increased $9.9 million, or 9.8%, due to increased spending in most businesses. Operating income for the first quarter of 2004 was $48.7 million, an increase of $14.3 million, or 41.6%, compared to the same quarter in 2003. The increase reflects the results discussed above.

Motion & Flow Control recorded sales and revenues and costs of sales and revenues of $274.0 million and $198.6 million, respectively, during the first quarter of 2004, reflecting increases of $15.9 million, or 6.2%, and

$10.8 million, or 5.8%, from the first quarter of 2003. The increases were mainly due to higher volume in the motion control and leisure marine businesses and the impact of foreign currency translation partially offset by volume declines in the fluid handling business. SG&A expenses increased $2.5 million, or 10.8%, reflecting higher marketing costs and administrative expenses in most businesses and other operating expenses. During the first quarters of 2004 and 2003, the segment recorded $0.2 million and $0.4 million of restructuring charges, respectively, mainly related to planned reductions in headcount (refer to the section entitled "Status of Restructuring and Asset Impairments" and Note 8, "Restructuring and Asset Impairment Charges," in the Notes to Consolidated Condensed Financial Statements for additional information). Operating income of $39.1 million was $1.1 million, or 2.9%, higher in the first quarter of 2004 compared to the first quarter of 2003 primarily due to the items mentioned above.

Electronic Components' sales and revenues of $161.8 million and costs of sales and revenues of $112.5 million in the first quarter of 2004, increased $17.0 million, or 11.7%, and $14.5 million, or 14.8%, respectively, from the comparable prior year period. The increases reflect higher volume in most businesses and the impact of foreign currency translation. SG&A expenses increased $2.8 million due to increased marketing, employee benefit and administrative expenses. During the first quarter of 2004, the segment recorded a $1.7 million restructuring charge primarily relating to planned headcount reductions. Additionally, $0.4 million of restructuring accruals were reversed into income reflecting lower than anticipated severance costs. During the first quarter of 2003, the segment recorded a $7.5 million restructuring charge primarily relating to planned headcount reductions and a $1.4 million asset impairment charge mainly to write-off a license agreement for technology, which will not be utilized in the foreseeable future due to projected market conditions (refer to the section entitled "Status of Restructuring and Asset Impairments" and Note 8, "Restructuring and Asset Impairment Charges," in the Notes to Consolidated Condensed Financial Statements for additional information). Operating income for the first quarter of 2004 increased $5.7 million from the first quarter of 2003. The increase was due to the factors discussed above.

Corporate expenses decreased $1.6 million in the first quarter of 2004, primarily due to costs related to process improvement initiatives in 2003, lower restructuring costs, ($1.1 million in 2003 versus $0.2 million in 2004), (refer to the section entitled "Status of Restructuring and Asset Impairments" and Note 8, "Restructuring and Asset Impairment Charges," in the Notes to Consolidated Condensed Financial Statements for additional information) and lower administrative expenses.

STATUS OF RESTRUCTURING AND ASSET IMPAIRMENTS

2004 RESTRUCTURING ACTIVITIES

During the first quarter of 2004, the Company recognized a $5.3 million charge, primarily for the planned severance of 103 employees. The actions by segment are as follows:

- The Fluid Technology segment recorded $2.7 million for the termination of 50 employees, including 15 factory workers and 35 office workers. Asset write-offs and other costs totaling $0.4 million and $0.1 million, respectively, were also recognized during the quarter.

- The Electronic Components segment recorded $1.7 million of the charge primarily for the reduction of 35 employees, including 23 factory workers, 11 office workers and one management employee.

- The Motion & Flow Control segment recognized $0.2 million for the termination of 16 employees, including three factory workers and 13 office workers.

- Corporate headquarters recorded $0.2 million for the severance of one office worker and one management employee.

As of March 31, 2004, the Company had made $1.7 million of payments attributable to the 2004 first quarter restructuring actions. Future restructuring expenditures will be funded with cash from operations, supplemented, as required, with commercial paper borrowings.

The projected future cash savings from the restructuring actions announced during the first quarter of 2004 are approximately $5 million during 2004 and $28 million between 2005 and 2009. The savings primarily

represents lower salary and wage expenditures and will be reflected in "Costs of Sales and Revenues" and "Selling, General and Administrative Expenses."

2003 RESTRUCTURING ACTIVITIES

During the fourth quarter of 2003, the Company announced actions to reduce operating costs primarily through the reduction of headcount. The new $15.4 million restructuring charge primarily reflects the planned severance of 301 employees. The actions by segment are as follows:

- The Electronic Components segment recorded $1.5 million of the charge for the planned termination of 132 employees, including 113 factory workers, 14 office workers and five management employees.

- The Fluid Technology segment recognized $12.4 million of the charge for the planned severance of 134 employees, including 39 factory workers, 90 office workers and five management employees. Lease and other costs represent $0.3 million of the charge. The segment also recorded a $0.2 million charge associated with the disposal of machinery and equipment.

- The Defense Electronics & Services segment recorded a $1.0 million charge for the planned severance of 35 employees, including seven factory workers, 19 office workers and nine management employees.

The projected future cash savings from the restructuring actions announced during the fourth quarter of 2003 are approximately $13 million during 2004 and $53 million between 2005 and 2008. The savings primarily represents lower salary and wage expenditures and will be reflected in "Costs of Sales and Revenues" and "Selling, General and Administrative Expenses."

During the first quarter of 2004, the Company had made $5.1 million of payments attributable to the 2003 fourth quarter restructuring actions. Future restructuring expenditures will be funded with cash from operations, supplemented, as required, with commercial paper borrowings.

In addition to the new restructuring actions announced during the fourth quarter of 2003, the Motion & Flow Control segment recognized $0.5 million of severance and employee benefit costs related to actions announced during the first quarter and the Electronic Components segment recognized $0.2 million of outplacement related to actions announced earlier in 2003.

During the third quarter of 2003, the Company announced additional actions to reduce operating costs primarily through the reduction of headcount. The new $2.6 million restructuring charge primarily reflects the planned severance of 72 employees. The actions by segment are as follows:

- The Electronic Components segment recorded $1.2 million of the charge for the planned termination of 40 employees, including 15 factory workers and 25 office workers. The segment also recorded a $0.1 million charge associated with the disposal of machinery and equipment.

- The Fluid Technology segment recognized a $0.5 million charge for the planned severance of 13 factory workers and 14 office workers. Lease and other costs represent $0.4 million of the charge.

- The Motion & Flow Control segment recorded a $0.4 million charge for the planned severance of one management employee and four office workers.

The projected future cash savings from the restructuring actions announced during the third quarter of 2003 are approximately $4 million during 2004 and $16 million between 2005 and 2008. The savings primarily represents lower salary and wage expenditures and will be reflected in "Costs of Sales and Revenues" and "Selling, General and Administrative Expenses."

During the first quarter of 2004, the Company made $0.3 million of payments attributable to the 2003 third quarter restructuring actions. Future restructuring expenditures will be funded with cash from operations, supplemented, as required, with commercial paper borrowings.

In addition to the new restructuring actions announced during the third quarter of 2003, the Motion & Flow Control segment recognized $0.2 million of severance and employee benefit costs related to actions announced during the first quarter of 2003.

During the second quarter of 2003, the Company continued its program to reduce structural costs and increase profitability. New restructuring actions totaling $4.7 million were announced during the period. The charge primarily reflected the planned severance of 148 employees and the cancellation of an operating lease. The actions by segment are as follows:

- The Electronic Components segment comprises $2.7 million of the charge and the actions taken at this segment include the planned termination of six management employees, 19 factory workers and 71 office workers.

- The Motion & Flow Control segment recognized $1.0 million for the planned severance of 50 employees, including six management employees, 31 factory workers and 13 office workers. Lease termination fees of $0.7 million and asset disposal costs of $0.1 million were also reflected in the charge.

- At Corporate Headquarters, a charge of $0.2 million was recorded for the planned termination of one management employee and one office worker.

The projected future cash savings from the restructuring actions announced during the second quarter of 2003 are approximately $8 million during 2004 and $31 million between 2005 and 2008. The savings primarily represents lower salary and wage expenditures and will be reflected in "Costs of Sales and Revenues" and "Selling, General and Administrative Expenses."

During the first quarter of 2004, the Company made $0.2 million of payments attributable to the 2003 second quarter restructuring actions. Future restructuring expenditures will be funded with cash from operations, supplemented, as required, with commercial paper borrowings.

In addition to the new restructuring actions announced during the second quarter, the Motion & Flow Control segment recognized $1.2 million of severance and employee benefit costs related to actions announced during the first quarter of 2003.

During the first quarter of 2003, the Company recorded a $9.0 million restructuring charge primarily for the planned severance of 465 persons. Severance of $8.3 million represents the majority of the charge. The actions by segment are as follows:

- The Electronic Components segment recorded $6.8 million of the charge for the planned termination of 226 persons, comprised of 101 office workers, 116 factory workers and nine management employees. Idle facility costs of $0.3 million and asset disposal costs of $0.4 million were also reflected in the charge. The actions were prompted by management's projections of continued weakness in certain businesses.

- Corporate Headquarters recorded $1.1 million of the charge for the consolidation of administrative tasks, including the planned termination of two management employees.

- The Motion & Flow Control segment recorded $0.4 million of the charge for the planned termination of 237 employees, comprised of 21 office workers and 216 factory workers. The charge relates to the closure of a manufacturing facility in Arkansas. The actions will be completed during 2003 and 2004 and the total estimated charge of approximately $2.6 million will be recognized ratably over the restructuring period as the terminations become effective. Management deemed the restructuring actions necessary to address the anticipated loss of certain platforms during the second half of 2003.

During the first quarter of 2004, the Company made $0.9 million of payments attributable to the 2003 first quarter restructuring actions. Future restructuring expenditures will be funded with cash from operations, supplemented, as required, with commercial paper borrowings.

The projected future cash savings from the restructuring actions announced during the first quarter of 2003 are approximately $8 million during 2004 and $38 million between 2005 and 2008. The savings primarily represents lower salary and wage expenditures and will be reflected in "Costs of Sales and Revenues" and "Selling, General and Administrative Expenses."

The following table displays a rollforward of the restructuring accruals for the 2003 restructuring programs (in millions):

	CASH CHARGES			
	SEVERANCE	LEASE COMMITMENTS	OTHER	TOTAL
Establishment of 2003 Plans	$ 30.6	$ 1.2	$ 1.2	$ 33.0
Payments	(12.5)	--	(0.9)	(13.4)
Reversals	(3.5)	--	--	(3.5)
Translation	0.2	--	--	0.2
Balance December 31, 2003	$ 14.8	$ 1.2	$ 0.3	$ 16.3
Payments	(6.3)	(0.1)	(0.1)	(6.5)
Reversals	(0.2)	--	--	(0.2)
Translation	(0.5)	--	--	(0.5)
Balance March 31, 2004	$ 7.8	$ 1.1	$ 0.2	$ 9.1

During the first quarter of 2004, $0.2 of restructuring accruals related to 2003 restructuring actions were reversed into income. The reversals primarily reflect lower than anticipated severance costs on completed actions due to favorable employee attrition at the Electronic Components segment.

During the second half of 2003, $3.5 million of restructuring accruals related to current year programs were reversed into income as a result of quarterly reviews of the Company's remaining restructuring actions. The reversals primarily reflect lower than anticipated severance costs on completed actions due to favorable employee attrition at the Electronic Components segment. Additionally, certain actions were not completed as they were no longer deemed feasible. The Company also reversed other non-cash charges totaling $0.2 million.

During the first quarter of 2004, headcount was reduced by 91 persons and the Company experienced employee attrition, leaving a balance of 98 planned reductions related to the 2003 restructuring plans. In addition, one facility remains to be closed related to 2003 restructuring plans. Actions announced during 2003 will be substantially completed by the end of the third quarter of 2004.

2003 OTHER ASSET IMPAIRMENTS

During 2003, the Company recorded a $1.4 million asset impairment charge primarily for the write-off of a technology license that will not be utilized based on management's projections of future market conditions. The applicable assets were written down to their fair values based on management's comparison of projected future discounted cash flows generated by each asset to the applicable asset's carrying value. These impairments were unrelated to the Company's restructuring activities.

DISCONTINUED OPERATIONS

In September of 1998, the Company completed the sales of its automotive Electrical Systems business to Valeo SA for approximately $1,700 million and its Brake and Chassis unit to Continental AG of Germany for approximately $1,930 million. These dispositions were treated as discontinued operations. In connection with the sale of these businesses, the Company established accruals for taxes of $972.7 million, representation and warranty and contract purchase price adjustments of $148.8 million, direct costs and other accruals of $102.0 million and environmental obligations of $16.1 million.

In 1998 and 1999, the Company received notifications of claims from the buyers of the automotive businesses requesting post-closing adjustments to the purchase prices under the provisions of the sales agreements. During 1999, those claims were submitted to arbitration.

The following tables display a rollforward of the automotive discontinued operations accruals from January 1, 2002 to March 31, 2004 (in thousands):

2002 AUTOMOTIVE DISCONTINUED OPERATIONS ACCRUALS	BEGINNING BALANCE JANUARY 1, 2002	2002 SPENDING	2002 SETTLEMENTS	OTHER ACTIVITY	ENDING BALANCE DECEMBER 31, 2002
Other Deferred Liabilities............	$ 807	$ (46)	$ --	$ --	$ 761
Accrued Expenses......................	9,500	(909)	--	12,007	20,598
Environmental.........................	14,612	(75)	--	--	14,537
Income Tax............................	154,151	--	--	--	154,151
TOTAL.................................	$179,070	$(1,030)	$ --	$12,007	$190,047

In the first quarter of 2002, the arbitrator ruled that Valeo SA must pay the Company monies to settle the claim related to the sale of the Electrical Systems business.

2003 AUTOMOTIVE DISCONTINUED OPERATIONS ACCRUALS	BEGINNING BALANCE JANUARY 1, 2003	2003 SPENDING	2003 SETTLEMENTS	OTHER ACTIVITY	ENDING BALANCE DECEMBER 31, 2003
Other Deferred Liabilities...........	$ 761	$ --	$ --	$ (761)	$ --
Accrued Expenses.....................	20,598	(1,668)	--	(1,244)	17,686
Environmental........................	14,537	(94)	--	(195)	14,248
Income Tax...........................	154,151	--	--	--	154,151
TOTAL................................	$190,047	$(1,762)	$ --	$(2,200)	$186,085

In 2003, the Company reassessed its obligations related to the disposal of the automotive businesses and determined that it would spend $2.2 million less on the disposition, related to favorable spending on professional fees and adjustments to its environmental exposures. Based on this assessment, $2.2 million was reversed into the 2003 Consolidated Income Statement under income from discontinued operations.

2004 AUTOMOTIVE DISCONTINUED OPERATIONS ACCRUALS	BEGINNING BALANCE JANUARY 1, 2004	2004 SPENDING	2004 SETTLEMENTS	OTHER ACTIVITY	ENDING BALANCE MARCH 31, 2004
Other Deferred Liabilities..............	$ --	$ --	$ --	$ --	$ --
Accrued Expenses........................	17,686	(7)	--	--	17,679
Environmental...........................	14,248	(29)	--	--	14,219
Income Tax..............................	154,151	--	--	--	154,151
TOTAL...................................					

$186,085	$(36)	$ --	$ --	$186,049
========	====	=====	=====	========

At March 31, 2004, the Company has automotive discontinued operations accruals of $186.1 million that primarily relate to the following: taxes $154.2 million -- which are related to the original transaction and are recorded in Accrued Taxes; product recalls $7.8 million -- related to nine potential product recall issues which are recorded in Accrued Expenses; environmental obligations $14.2 million -- for the remediation and investigation of groundwater and soil contamination at thirteen sites which are recorded in Other Liabilities; employee benefits $9.9 million -- for workers compensation issues which are recorded in Accrued Expenses. In the first quarter of 2004, the Company made immaterial payments for maters attributable to the automotive discontinued operations. The Company expects that it will cash settle $154.2 million of tax obligations in late 2004 or 2005. The Company projects that it will spend between $3.0 million and $4.0 million in 2004 related to its remaining automotive obligations.

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOW OVERVIEW

The Company used $115.5 million of cash in operating activities. The primary factors for the use of cash was the $158.3 million increase in accounts receivable balances, reflecting higher volume and the timing of

sales, and a $100.0 million prepaid pension contribution made during the quarter. The impact of these items was partially offset by income generated from continuing operations.

The Company also spent $243.0 million on acquisitions, $39.6 million on the repurchase of common stock, $29.0 million on capital expenditures, $14.8 million on dividend payments and $35.5 million on the repayment of long-term debt. These actions, as well as the cash used in operations, were financed primarily with short term debt, cash on hand and cash received from the exercised stock options.

Cash Flows: Cash used in operating activities during the first three months of 2004 was $115.5 million, or a $100.2 million improvement over the first quarter of 2003. The improvement is primarily attributable to a $100.0 million prepaid pension contribution in 2004 compared to a $200.0 million prepaid pension contribution in the first quarter of 2003. Lower spending of accrued expenses and higher accounts payable balances contributed to the favorable variance with the first quarter of 2003. An increase in accounts receivable balances was a use of an additional $58.6 million, partially offsetting the improvement in cash used in operating activities. The increase reflects higher volume and the timing of sales.

Status of Restructuring Activities: Restructuring payments during the first three months of 2004 totaled $9.5 million and were comprised of $1.7 million of expenditures for the 2004 plan and $7.8 million of expenditures for the 2003, 2002 and 2001 restructuring plans. All future payments are projected to be paid with future cash from operating activities supplemented, as required, by commercial paper borrowings.

Additions to Plant, Property and Equipment: Capital expenditures during the first three months of 2004 were $29.0 million, an increase of $7.2 million from the first three months of 2003. The increase was seen across several business segments.

Acquisitions: During the three months of 2004, the Company spent $243.0 million primarily for the acquisitions of the following:

- WEDECO AG Water Technology ("WEDECO"), the world's largest manufacturer of UV disinfection and ozone oxidation systems, which are alternatives to chlorine treatment.

- Shanghai Hengtong Purified Water Development Co. Ltd. and Shanghai Hengtong Water Treatment Engineering Co. Ltd. ("Hengtong"), a Shanghai-based producer of reverse-osmosis, membrane and other water treatment systems for the power, pharmaceutical, chemical and manufacturing markets in China.

The excess of the purchase price over the fair value of net assets acquired of $224.3 million was recorded as goodwill.

During the first quarter of 2003, the Company spent $35.1 million, primarily for the acquisition of the VEAM/TEC division of the Northrop Grumman Corporation ("VEAM"). VEAM is a designer and manufacturer of cylinder, filter and fiber optic connectors for the military/aerospace, industrial, transit, entertainment and nuclear markets. The excess of the purchase price over the fair value of net assets acquired of $22.3 million was recorded as goodwill.

Divestitures: During the first quarter of 2004, the Company generated $2.6 million of cash proceeds primarily from the sale of two properties. In the first quarter of 2003, the Company sold land for $7.3 million at Defense Electronics & Services and $0.5 million from the sale of other plant, property and equipment.

Financing Activities: Debt at March 31, 2004 was $886.2 million, compared with $602.4 million at December 31, 2003. Cash and cash equivalents were $199.1 million at March 31, 2004, compared to $414.2 million at December 31, 2003. The change in debt and cash levels primarily reflects the Company's utilization of cash from operating activities, including the $100.0 million prepaid pension contribution, and the acquisition of WEDECO. In March 2004, the Company arranged an additional revolving credit agreement of $0.4 billion to accommodate additional acquisitions. As a result, the maximum amount of borrowing available under the Company's revolving credit agreements, which provide back-up for the Company's commercial paper program, at March 31, 2004, was $1.4 billion. Borrowing through commercial paper and under the revolving credit agreements may not exceed $1.4 billion in the aggregate outstanding at any time.

Status of Automotive Discontinued Operations: During the first quarter of 2004, the Company made immaterial payments for matters attributable to its automotive discontinued operations. Tax obligations of $154.2 million are expected to be resolved in late 2004 or 2005. In addition, the Company projects between $3.0 million and $4.0 million of annual spending related to its remaining automotive obligations. All payments are forecast to be paid with future cash from operations supplemented, as required, by commercial paper borrowings.

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported value of assets and liabilities and the disclosure of contingent assets and liabilities.

The Company has identified three accounting policies where estimates are used that require assumptions or factors that are of an uncertain nature, or where a different estimate could have been reasonably utilized or changes in the estimate are reasonably likely to occur from period to period.

Environmental: Accruals for environmental matters are recorded on a site by site basis when it is probable that a liability has been incurred and the amount can be reasonably estimated. The Company calculates the liability by utilizing a cost estimating and weighting matrix that separates costs into recurring and non-recurring categories. The Company then uses internal and external experts to assign confidence levels based on the site's development stage, type of contaminant found, applicable laws, existing technologies and the identification of other potentially responsible parties. This methodology produces a range of estimates, including a best estimate. At March 31, 2004, the Company's best estimate is $108.0 million, which approximates the accrual related to the remediation of ground water and soil. The low range estimate for environmental liabilities is $80.0 million and the high range estimate is $171.0 million. On an annual basis the Company spends between $8.0 million and $11.0 million on its environmental remediation liabilities. These estimates, and related accruals, are reviewed periodically and updated for progress of remediation efforts and changes in facts and legal circumstances. Liabilities for environmental expenditures are recorded on an undiscounted basis.

The Company is currently involved in the environmental investigation and remediation of 104 sites, including certain instances where it is considered to be a potentially responsible party by the United States Environmental Protection Agency ("EPA") or similar state agency.

At present, the Company is involved in litigation against its insurers for reimbursement of environmental response costs. Recoveries from insurance companies or other third parties are recognized in the financial statements when it is probable that they will be realized.

In the event that future remediation expenditures are in excess of the amounts accrued, management does not anticipate that they will have a material adverse effect on the consolidated financial position, results of operations or liquidity of the Company.

For additional details on environmental matters see Note 13, "Commitments and Contingencies," in the Notes to the Consolidated Condensed Financial Statements.

Employee Benefit Plans: The Company sponsors numerous employee pension and welfare benefit plans. These plans utilize various assumptions in the determination of projected benefit obligations and expense recognition related to pension and other postretirement obligations. These assumptions include: discount rates, expected rates of return on plan assets, rate of future compensation increases, mortality, termination, and health care inflation trend rates, some of which are disclosed in Note 19, "Employee Benefit Plans," within the Notes to Consolidated Financial Statements of the 2003 Annual Report on Form 10-K.

KEY PENSION ASSUMPTIONS

The Company determines its expected return on plan assets assumption by evaluating both historical returns and estimates of future returns. Specifically, the Company analyzes the Plan's actual historical annual

return on assets over the past 10, 15, 20 and 25 years; makes estimates of future returns using a Capital Asset Pricing Model; and evaluates historical broad market returns over the past 75 years based on the Company's strategic asset allocation, which is detailed in Note 19, "Employee Benefit Plans," in the Notes to Consolidated Financial Statements of the 2003 Annual Report on Form 10-K.

Based on the approach described above, the Company estimates the long-term annual rate of return on assets for domestic pension plans at 9.0%. For reference, the Company's actual geometric average annual return on plan assets for domestic pension plans stood at 10.1%, 11.2%, 11.8%, and 12.6%, for the past 10, 15, 20, and 25 year periods, respectively. The Company's weighted average expected return on plan assets for all pension plans, including foreign affiliate plans, at December 31, 2003, is 8.86%.

The Company utilizes the assistance of its plan actuaries in determining the discount rate assumption. As a service to its clients, the plan actuaries have developed and published an interest rate yield curve to enable companies to make judgments pursuant to EITF Topic No. D-36, "Selection of Discount Rates Used for Measuring Defined Benefit Pension Obligations and Obligations of Post Retirement Benefit Plans Other Than Pensions." The yield curve is comprised of AAA/AA bonds with maturities between zero and thirty years. The plan actuaries then discount the annual benefit cash flows of the Company's pension plan using this yield curve and develop a single-point discount rate matching the plan's characteristics.

At December 31, 2003, the Company lowered the discount rate on all of its domestic pension plans, which represent about 90% of the Company's total pension obligations, from 6.50% to 6.25%. The Company's weighted average discount rate for all pension plans, including foreign affiliate plans, at December 31, 2003, is 6.18%.

At December 31, 2003, the Company also lowered its expected rate of future compensation increases for its domestic plan participants to 4.5%, from 5.0%, based on recent historical experience and expectations for future economic conditions.

ASSUMPTION	2003	2002
Long-Term Rate of Return on Assets..........................	8.86%	9.61%
Discount Rate used to determine benefit obligation at Dec. 31...	6.18%	6.44%
Discount Rate used to determine net periodic benefit cost...	6.44%	7.14%
Rate of future compensation increase used to determine benefit obligation at Dec. 31............................	4.42%	4.88%

Management develops each assumption using relevant Company experience in conjunction with market related data for each individual country in which such plans exist. All assumptions are reviewed periodically with third party actuarial consultants and adjusted as necessary.

PENSION PLAN ACCOUNTING AND INFORMATION

The Company's strategic asset allocation target for its U.S. domestic plans apportions 70% of all assets to equity instruments and the remaining 30% to fixed income instruments. At December 31, 2003, the Company's actual asset allocation was 68.5% in equity instruments, 21.6% in fixed income instruments and 9.7% in hedge funds, with the remainder in cash and other.

On an annual basis, the Company's long-term expected return on plan assets will often differ from the actual return on plan assets. The chart below shows actual returns versus the expected long-term returns for the Company's domestic pension plans that are utilized in the calculation of the net periodic benefit cost. For more information, please see Note 19, "Employee Benefit Plans," in the Notes to Consolidated Financial Statements of the 2003 Annual Report on Form 10-K.

	2003	2002	2001	2000	1999
Expected Return on Assets..........................	9.00%	9.75%	9.75%	9.75%	9.75%
Actual Return on Assets............................	28.3%	(10.9)%	(4.0)%	(0.7)%	22.4%

The Company's Defense Electronics & Services segment represents approximately 50% of the active U.S. Salaried Plan participants. As a result, the Company has sought and will continue to seek reimbursement from the Department of Defense for a portion of its pension costs, in accordance with government regulations. U.S. Government Cost Accounting Standards (CAS) govern the extent to which pension costs are allocable to and recoverable under contracts with the U.S. Government. Reimbursements of pension costs are made over time through the pricing of the Company's products and services on U.S. Government contracts.

Funding requirements under IRS rules are a major consideration in making contributions to our pension plan. The Company contributed $206.3 million to the U.S. Master Trust in 2003, and an additional $100.0 million in the first quarter of 2004. As a result, the Company will not face material minimum required contributions to its U.S. Salaried Plan in 2004 and 2005, under current IRS contribution rules. Furthermore, we currently estimate that we will not make significant additional contributions to the Company's U.S. Salaried Pension Plan during the remainder of 2004.

Depending on market conditions, and assuming that current IRS contribution rules continue to apply in the future, the Company estimates that it may be required to contribute an additional zero to $400 million in the 2005 to 2006 timeframe.

FUNDED STATUS

Funded status is derived by subtracting the value of the projected benefit obligations at December 31, 2003 from the end of year fair value of plan assets. The Company's U.S. Salaried Pension Plan represents approximately 80% of the Company's total pension obligation, and therefore the funded status of the U.S. Salaried Pension Plan has a considerable impact on the overall funded status of the Company's pension plans.

During 2003, the Company's U.S. Salaried Pension Plan assets grew by $647.0 million to $2,989.2 million at the end of 2003. This increase primarily reflected return on assets of $659.0 million, and Company contributions of $200.0 million, offset by payments to plan beneficiaries of $206.8 million.

Also during 2003, the projected benefit obligation for the U.S. Salaried Pension Plan increased by $152.0 million to $3,448.8 million. The increase included the $104.3 million impact of a 25 basis point decline in the discount rate at year-end, as well as the $(28.3) million impact of a 50 basis point decrease in the expected rate of future compensation increases. As a result, the funded status for the Company's U.S. Salaried Plan improved by $495.4 million to $(459.6) million at the end of 2003. Funded status for the Company's total pension obligations, including foreign and affiliate plans, improved by $452.6 million to $(871.3) million at the end of 2003.

Funded status at the end of 2004 will depend primarily on the actual return on assets during the year and the discount rate at the end of the year. The Company estimates that every 25 basis points change in the discount rate impacts the funded status of the U.S. Salaried Pension Plan, which represents about 80% of the Company's pension obligations, by approximately $104 million. Similarly, every five percentage point change in the actual 2004 rate of return on assets impacts the same plan by approximately $150 million.

MINIMUM PENSION LIABILITY

SFAS No. 87, "Employers' Accounting for Pensions" ("SFAS No. 87"), requires that a minimum pension liability be recorded if a plan's market value of assets falls below the plan's accumulated benefit obligation.

In 2002, the combination of a decline in the discount rate and a decline in assets caused several of the Company's plans to be in a deficit position. Accordingly, during 2002, the Company recorded a total after-tax reduction of $765.5 million to its total shareholders' equity. As a result of the improved financial markets in 2003, the Company recorded a total after-tax increase of $182.5 to its shareholders' equity at year-end 2003. It is important to note that these actions did not cause a default in any of the Company's debt covenants.

Future recognition of additional minimum pension liabilities will depend primarily on the rate of return on assets and the prevailing discount rate.

PENSION EXPENSE

The Company uses the market-related value of assets method, as described in paragraph 30 of SFAS No. 87, for the calculation of pension expense. This method recognizes investment gains or losses over a five-year period from the year in which they occur. In addition, in accordance with paragraph 32 of SFAS No. 87, a portion of the Company's unrecognized net actuarial loss is amortized and this cost is included in the net periodic benefit cost.

The Company recorded $33.0 million of net periodic pension cost ($35.4 million after considering the effects of curtailment losses) into its Consolidated Income Statement in 2003, compared with pension income of $10.4 million in 2002. The 2003 net periodic pension cost reflected benefit service cost of $73.3 million and interest cost on accrued benefits of $256.5 million, offset by the expected return on plan assets of $327.0 million. In addition, the 2003 pension expense included $23.5 million of amortization of past losses, up from $3.2 million in 2002. The primary drivers behind the increase in the net periodic pension cost were the effect of the change in the discount rate, the effect of the lowered assumption as to expected return on assets and the increase in amortization of past losses in 2003.

In 2004, the Company expects to incur approximately $68.0 million of pension expense that will be recorded into its Consolidated Income Statement. The increase in pension expense is primarily due to the effect of the change in discount rate and higher amortization of past losses. See Note 12, "Pension and Postretirement Medical Benefit Expenses," in the Notes to Consolidated Condensed Financial Statements for additional details, including pension expense incurred during the first quarter.

Revenue Recognition: The Company recognizes revenue as services are rendered and when title transfers for products, subject to any special terms and conditions of specific contracts. For the majority of the Company's sales, title transfers when products are shipped. Under certain circumstances, title passes when products are delivered. In the Defense Electronics & Services segment, certain contracts require the delivery, installation, testing, certification and customer acceptance before revenue can be recorded. Further, some sales are recognized when the customer picks up the product.

The Defense Electronics & Services segment typically recognizes revenue and anticipated profits under long-term, fixed-price contracts based on units of delivery or the completion of scheduled performance milestones. Estimated contract costs and resulting margins are recorded in proportion to recorded sales. During the performance of such contracts, estimated final contract prices and costs (design, manufacturing, and engineering and development costs) are periodically reviewed and revisions are made when necessary. The effect of these revisions to estimates is included in earnings in the period in which revisions are made. There were no material revisions to estimates in the covered periods.

Accruals for estimated expenses related to warranties are made at the time products are sold or services are rendered. These accruals are established using historical information on the nature, frequency and average cost of warranty claims and estimates of future costs. Management believes the warranty accruals are adequate; however, actual warranty expenses could differ from estimated amounts. The accrual for product warranties at March 31, 2004 and 2003 was $36.0 million and $39.9 million, respectively. See Note 14, "Guarantees, Indemnities and Warranties," in the Notes to Consolidated Condensed Financial Statements for additional details.

ACCOUNTING PRONOUNCEMENTS

In December 2003, the Financial Accounting Standards Board ("FASB") issued SFAS No. 132 (revised December 2003), "Employers' Disclosures About Pensions and Other Post Retirement Benefits." This revised SFAS retains the disclosure requirements of SFAS 132. Additionally, the pronouncement requires additional disclosures regarding the types of plan assets, investment strategy, measurement dates, plan obligations, cash flows and components of net periodic benefit cost recognized during interim periods for

defined benefit pension plans and other defined benefit post retirement plans. The Company adopted this pronouncement effective December 31, 2003. Adoption did not have a material impact on the financial statements of the Company.

In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." SFAS No. 149 amends and clarifies accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and hedging activities under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 149 clarifies the circumstances under which a contract with an initial net investment meets the characteristics of a derivative as discussed in SFAS No 133. In addition, SFAS No. 149 clarifies when a derivative contains a financing component that warrants special reporting in the statement of cash flows. SFAS No. 149 is effective for contracts entered into or modified after June 30, 2003, and for hedging relationships designated after June 30, 2003. The adoption of this interpretation did not have a material effect on the Company's financial statements.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." SFAS No. 150 requires certain financial instruments that embody obligations of the issuer and have characteristics of both liabilities and equity to be classified as liabilities. The provisions of SFAS No. 150 were effective for financial instruments entered into or modified after May 31, 2003 and to all other instruments that exist as of the beginning of the first interim financial reporting period beginning after June 15, 2003. The Company did not have any financial instruments that met the provisions of SFAS No. 150; therefore, the adoption of this standard did not have a material effect on the Company's financial statements.

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"). FIN 46 requires unconsolidated variable interest entities to be consolidated by their primary beneficiaries if the entities do not effectively disperse the risks and rewards of ownership among their owners and other parties involved. The provisions of FIN 46 are applicable to all variable interest entities created after January 31, 2003 and variable interest entities in which an enterprise obtains an interest after that date. For variable interest entities created before January 31, 2003, the provisions were effective December 31, 2003. The Company did not create or obtain any variable interest entities during 2003. The Company elected early adoption of the provisions of FIN 46 related to variable interest entities created prior to January 31, 2003 as of July 1, 2003. The adoption of this interpretation did not have a material effect on the Company's financial statements. In December 2003, the FASB issued a revision to Interpretation No. 46; however, it had no impact on ITT's adoption.

In January 2004, FASB Staff Position ("FSP") No. 106-1, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003" ("FSP No. 106-1") was issued. Subsequently, FSP No. 106-b was issued, which amends FSP No. 106-1 and permits the deferral of recognizing the effects of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the Act) in the accounting for postretirement health care plans under SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," and in providing disclosures related to the plan required by SFAS No. 132. The deferral of the accounting for the Act continues to apply until authoritative guidance is issued on the accounting for the federal subsidiary provided by the Act or until certain other events requiring plan remeasurement. The Company has elected the deferral provided by this FSP and is evaluating the magnitude of the potential favorable impact of the subsidy on the financial statements. The authoritative guidance, when issued, could require a change to previously reported information. See Note 19, "Employee Benefit Plans," in the Notes to Consolidated Financial Statements of the 2003 Annual Report on Form 10-K for discussion of postretirement benefits.

RISKS AND UNCERTAINTIES

ENVIRONMENTAL MATTERS

The Company is subject to stringent environmental laws and regulations that affect its operating facilities and impose liability for the cleanup of past discharges of hazardous substances. In the United States, these

laws include the Federal Clean Air Act, the Clean Water Act, the Resource Conservation and Recovery Act, and the Comprehensive Environmental Response, Compensation and Liability Act. Management believes that the Company is in substantial compliance with these and all other applicable environmental requirements. Environmental compliance costs are accounted for as normal operating expenses.

In estimating the costs of environmental investigation and remediation, the Company considers, among other things, regulatory standards, its prior experience in remediating contaminated sites, and the professional judgment of environmental experts. It is difficult to estimate the total costs of investigation and remediation due to various factors, including incomplete information regarding particular sites and other potentially responsible parties, uncertainty regarding the extent of contamination and the Company's share, if any, of liability for such problems, the selection of alternative remedies, and changes in cleanup standards. When it is possible to create reasonable estimates of liability with respect to environmental matters, the Company establishes accruals in accordance with accounting principles generally accepted within the United States. Insurance recoveries are included in other assets when it is probable that a claim will be realized. Although the outcome of the Company's various remediation efforts presently cannot be predicted with a high level of certainty, management does not expect that these matters will have a material adverse effect on the Company's consolidated financial position, results of operations, or cash flows. For disclosure of the Company's commitments and contingencies, see Note 21, "Commitments and Contingencies" in the Notes to Consolidated Financial Statements of the 2003 Annual Report on Form 10-K.

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 general economic and worldwide political conditions, foreign currency exchange rates, competition and other factors all as more thoroughly 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, 2003 and other of its filings with the Securities and Exchange Commission, to which reference is hereby made.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information called for by Item 3 is provided in Note 9, "Derivative Instruments and Hedging Activities" in the Notes to Consolidated Condensed Financial Statements herein. There has been no material change in the information concerning market risk as stated in the Company's 2003 Annual Report on Form 10-K.

ITEM 4. CONTROLS AND PROCEDURES

(a) The Chief Executive Officer and Chief Financial Officer of the Company have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on such evaluation, such officers have concluded that, as of the end of the period covered by this report the Company's disclosure controls and procedures are effective in identifying, on a timely basis, material information required to be disclosed in our reports filed or submitted under the Exchange Act.

(b) There have been no changes in our internal control over Financial reporting during in the last fiscal quarter that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

PART II.

OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The following should be read in conjunction with Note 13 to the unaudited interim consolidated condensed financial statements in Part I of this Report, as well as Part I Item 3 of our Annual Report on Form 10-K for the year ended December 31, 2003.

The Company and its subsidiaries from time to time are involved in legal proceedings that are incidental to the operation of their businesses. Some of these proceedings allege damages against the Company relating to environmental liabilities, intellectual property matters, copyright infringement, personal injury claims, employment and pension matters, government contract issues and commercial or contractual disputes, sometimes related to acquisitions or divestitures. The Company will continue to vigorously defend itself against all claims. Although the ultimate outcome of any legal matter cannot be predicted with certainty, based on present information including the Company's assessment of the merits of the particular claim, as well as its current reserves and insurance coverage, the Company does not expect that such legal proceedings will have any material adverse impact on the cash flow, results of operations, or financial condition of the Company on a consolidated basis in the foreseeable future.

ITEM 2. CHANGES IN SECURITIES

ISSUER PURCHASES OF EQUITY SECURITIES

PERIOD	TOTAL NUMBER OF SHARES PURCHASED(1)	AVERAGE PRICE PAID PER SHARE(2)
1/1/04 - 1/31/04	255,034	$75.11
2/1/04 - 2/29/04	215,096	$76.66
3/1/04 - 3/31/04	113,200	$74.97

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(1) All share repurchases were made in open-market transactions. None of these transactions were made pursuant to a publicly announced repurchase plan.

(2) Average price paid per share is calculated on a settlement basis and excludes commission.

No share repurchases were made pursuant to a publicly announced plan or program. The Company's strategy for cash flow utilization is to pay dividends first and then repurchase Company common stock to cover option exercises made pursuant to the Company's stock option programs. The remaining cash is then

available for strategic acquisitions and discretionary repurchases of the
Company's common stock.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

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

(b) ITT Industries furnished under Items 9 and 12, on April 22, 2004, a copy of its press release announcing its financial results for the first quarter of 2004 and updating its previously announced full year 2004 guidance on Form 8-K.

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/ MARK E. LANG

Mark E. Lang
Vice President and Corporate Controller
(Principal accounting officer)

May 7, 2004

EXHIBIT INDEX

EXHIBIT NO. DESCRIPTION LOCATION - ------- ----------- --------
(2) Plan of acquisition, reorganization, arrangement, liquidation
or
succession...
None (3.1) ITT Industries, Inc. Restated Articles of
Incorporation............ Incorporated by reference to Exhibit
3(i) of ITT Industries' Form 10-Q for the quarterly period ended
June 30, 1997 (CIK No. 216228, File No. 1-5627) (3.2) ITT
Industries, Inc. By-laws, as amended December 3, 2002..........
Incorporated by reference to Exhibit 3(c) of ITT Industries' Form
10-K for the fiscal year ended December 31, 2002 (4) Instruments
defining the rights of security holders, including
indentures...
Not required to be filed. The Registrant hereby agrees to file
with the Commission a copy of any instrument defining the rights
of holders of long-term debt of the Registrant and its
consolidated subsidiaries upon request of the Commission. (CIK No.
216228, File No. 1-5627). (10.1) ITT Industries, Inc. 2003 Equity
Incentive Plan, effective May 13,
2003...
Incorporated by reference to Exhibit 10.1 of ITT Industries' Form
10-Q for the quarterly period ended June 30, 2003 (CIK No. 216228,
File No. 1-5672) (11) Statement re computation of per share
earnings.................... See Note 6 of Notes to Consolidated
Condensed 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
(31.1) Certification of Louis J. Giuliano Pursuant to Section 302
of the Sarbanes-Oxley Act of
2002....................................... Attached (31.2)
Certification of Edward W. Williams Pursuant to Section 302 of the
Sarbanes-Oxley Act of
2002....................................... Attached

EXHIBIT NO. DESCRIPTION LOCATION - -- ----- ------- ---- --------

(32.1) Certification Pursuant to 18. U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.......... Attached. This Exhibit is intended to be furnished in accordance with Regulation S-K item 601(b) (32) (ii) and shall not be deemed to be filed for purposes of Section 18 of the Securities Exchange Act of 1934 or incorporated by reference into any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference.

(32.2) Certification Pursuant to 18. U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.......... Attached. This Exhibit is intended to be furnished in accordance with Regulation S-K item 601(b) (32) (ii) and shall not be deemed to be filed for purposes of Section 18 of the Securities

Exchange Act of 1934 or incorporated by reference into any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference.

EXHIBIT 31.1

CERTIFICATION OF LOUIS J. GIULIANO PURSUANT TO SEC. 302 OF THE SARBANES-OXLEY ACT OF 2002

CERTIFICATION

I, Louis J. Giuliano, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ITT Industries, Inc.;

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

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) [Paragraph omitted in accordance with SEC transition instructions contained in SEC Release 34-47986]

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

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

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

/s/ LOUIS J. GIULIANO

Louis J. Giuliano
Chairman, President and Chief
Executive Officer

Date: May 7, 2004

EXHIBIT 31.2

CERTIFICATION OF EDWARD W. WILLIAMS PURSUANT TO SEC. 302
OF THE SARBANES-OXLEY ACT OF 2002

CERTIFICATION

I, Edward W. Williams, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ITT Industries, Inc.;

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

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) [Paragraph omitted in accordance with SEC transition instructions contained in SEC Release 34-47986]

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

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

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

/s/ EDWARD W. WILLIAMS

Edward W. Williams
Senior Vice President and Chief
Financial Officer

Date: May 7, 2004

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of ITT Industries, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Louis J. Giuliano, Chairman, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. sec. 1350, as adopted pursuant to sec.906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ LOUIS J. GIULIANO

Louis J. Giuliano
Chairman, President and
Chief Executive Officer

May 7, 2004

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of ITT Industries, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Edward W. Williams, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. sec. 1350, as adopted pursuant to sec.906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ EDWARD W. WILLIAMS

Edward W. Williams
Senior Vice President and
Chief Financial Officer

May 7, 2004

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.