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 September 30, 1999

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

COMMISSION FILE NUMBER 1-5627

ITT INDUSTRIES, INC.

INCORPORATED IN THE STATE OF INDIANA

13-5158950
(I.R.S. EMPLOYER IDENTIFICATION NUMBER)

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

TELEPHONE NUMBER: (914) 641-2000

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

As of October 31, 1999, there were outstanding 87,914,595 shares of common stock ($1 par value per share) of the registrant.

ITT INDUSTRIES, INC.

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PART I.

ITEM 1. FINANCIAL INFORMATION

FINANCIAL STATEMENTS

The following unaudited consolidated condensed financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (SEC) and, in the opinion of management, reflect all adjustments (which include normal recurring adjustments) necessary for a fair presentation of the financial position, results of operations, and cash flows for the periods presented. Certain information and note disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such SEC rules. The Company believes that the disclosures made are adequate to make the information presented not misleading. Certain amounts in the prior periods' consolidated condensed financial statements have been reclassified to conform with the current period presentation. It is suggested that these financial statements be read in conjunction with the financial statements and notes thereto included in the Company's 1998 Annual Report on Form 10-K.

ITT INDUSTRIES, INC. AND SUBSIDIARIES

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

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	1999	1998	1999	1998
Sales and revenues	$ 1,106.4	$ 1,048.0	$ 3,389.8	$ 3,272.5
Costs of sales and revenues	780.5	723.1	2,393.7	2,295.2
Selling, general, and administrative expenses	164.0	177.3	510.9	544.3
Research, development, and engineering expenses	63.7	75.5	199.9	202.6
Restructuring and nonrecurring items	--	--	--	30.8
Total costs and expenses	1,008.2	975.9	3,104.5	3,072.9
Operating income	98.2	72.1	285.3	199.6
Interest expense	(22.6)	(31.2)	(60.4)	(104.6)
Interest income	10.7	4.8	28.5	15.4
Miscellaneous income (expense), net	--	(1.6)	0.9	(3.6)
Income from continuing operations before income taxes	86.3	44.1	254.3	106.8
Income tax expense	(31.9)	(17.2)	(94.1)	(41.7)
Income from continuing operations	54.4	26.9	160.2	65.1
Discontinued operations:				
Operating income, net of tax of $9.6 and $65.0	--	15.0	--	101.7
Gain on sales of ITT Automotive, net of tax of $849.7 in each period	--	1,546.9	--	1,546.9
Net income	$ 54.4	$ 1,588.8	$ 160.2	$ 1,713.7
EARNINGS PER SHARE:				
Income from continuing operations				
Basic	$ .62	$ .23	$ 1.79	$ .56
Diluted	.60	.23	1.73	.54
Discontinued operations				
Basic	--	13.58	--	14.07
Diluted	--	13.22	--	13.71
Net income				
Basic	.62	13.81	1.79	14.63
Diluted	.60	13.45	1.73	14.25
Cash dividends declared per common share	$ .15	$ .15	$ .45	$ .45

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

ITT INDUSTRIES, INC. AND SUBSIDIARIES

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

	SEPTEMBER 30, 1999 (UNAUDITED)	DECEMBER 31, 1998
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 218.9	$ 880.9
Receivables, net	852.1	842.6
Inventories, net	586.0	578.9
Other current assets	78.8	80.0
Total current assets	1,735.8	2,382.4
Plant, property, and equipment, net	807.9	991.6
Deferred U.S. income taxes	362.6	367.4
Goodwill, net	1,006.3	865.3
Other assets	432.3	442.1
	$ 4,344.9	$ 5,048.8
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 338.1	$ 396.2
Accrued expenses	809.5	932.9
Accrued taxes	331.9	570.1
Notes payable and current maturities of long-term debt	403.1	251.6
Total current liabilities	1,882.6	2,150.8
Pension and postretirement costs	395.7	419.9
Long-term debt	478.0	515.5
Other liabilities	530.9	662.6
	3,287.2	3,748.8
Shareholders' Equity:		
Cumulative Preferred Stock: Authorized 50,000,000 shares, No par value, none issued	--	--
Common stock:		
Authorized 200,000,000 shares, $1 par value per share Outstanding 87,914,595 shares and 95,967,976 shares	87.9	96.0
Capital surplus	--	--
Accumulated other comprehensive income (loss):		
Unrealized gain (loss) on investment securities	(1.3)	(0.5)
Cumulative translation adjustments	(87.0)	(67.0)
	(88.3)	(67.5)
Retained earnings	1,058.1	1,271.5
	1,057.7	1,300.0
	$ 4,344.9	$ 5,048.8

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

ITT INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(IN MILLIONS)
(UNAUDITED)

	NINE MONTHS ENDED SEPTEMBER 30, 1999	NINE MONTHS ENDED SEPTEMBER 30, 1998
OPERATING ACTIVITIES		
Net income	$ 160.2	$ 1,713.7
Discontinued operations:		
Operating income	--	(101.7)
Gain on sales of ITT Automotive	--	(1,546.9)
Income from continuing operations	160.2	65.1
Adjustments to income from continuing operations:		
Depreciation	111.1	124.0
Amortization	25.1	28.2
Restructuring and nonrecurring charges	--	30.8
Payments made for restructuring	(41.7)	--
Change in receivables, inventories, accounts payable, and Accrued expenses	(94.3)	(130.5)
Change in accrued and deferred taxes	34.4	(9.6)
Other, net	(2.6)	(53.3)
Cash from operating activities	192.2	54.7
INVESTING ACTIVITIES		
Additions to plant, property, and equipment	(138.6)	(115.1)
Proceeds from sale of assets	71.3	3,709.7
Acquisitions	(232.6)	(79.7)
Other, net	5.8	1.4
Cash (used for) from investing activities	(294.1)	3,516.3
FINANCING ACTIVITIES		
Short-term debt, net	210.3	(999.1)
Long-term debt repaid	(70.6)	(23.2)
Long-term debt issued	1.4	--
Repurchase of common stock	(394.3)	(359.1)
Dividends paid	(42.4)	(52.7)
Other, net	26.7	104.7
Cash (used for) financing activities	(268.9)	(1,329.4)
EXCHANGE RATE EFFECTS ON CASH AND CASH EQUIVALENTS	(14.4)	5.2
CASH FROM (USED FOR) DISCONTINUED OPERATIONS	(276.8)	(101.0)
(Decrease) Increase in cash and cash equivalents	(662.0)	2,145.8
Cash and cash equivalents -- beginning of period	880.9	192.2
Cash and cash equivalents -- end of period	$ 218.9	$ 2,338.0
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the period from continuing operations:		
Interest	$ 55.6	$ 99.2
Income taxes, net of refunds	$ 20.2	$ 78.4

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

ITT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

(IN MILLIONS, EXCEPT PER SHARE, UNLESS OTHERWISE STATED)

1) RESTRUCTURING: At December 31, 1998, the reserve balance for restructuring actions was $138.4 million. In the first nine months of 1999, the Company made cash payments of $41.7 million, recorded $1.1 million of reversals related to the sale of a business unit and applied $4.2 million of asset impairment and other items. The reserve balance at September 30, 1999 for restructuring was $91.4 million. As reported in the 1998 Annual Report, restructuring activities include plans to reduce workforce by approximately 2,400 persons. At September 30, 1999, cumulative headcount reductions were 1,498 persons. The restructuring activities are progressing according to plans as discussed in the 1998 Annual Report.

2) RECEIVABLES, NET

Receivables consist of the following:

	SEPTEMBER 30, 1999	DECEMBER 31, 1998
Trade	$ 795.9	$ 753.5
Other	79.4	111.8
Less reserves	(23.2)	(22.7)
	$ 852.1	$ 842.6

3) INVENTORIES, NET

Inventories consist of the following:

	SEPTEMBER 30, 1999	DECEMBER 31, 1998
Finished goods	$ 203.3	$ 206.2
Work in process	453.2	511.6
Raw materials	197.5	209.8
Less -- reserves	(113.8)	(115.0)
-- progress payments	(154.2)	(233.7)
	$ 586.0	$ 578.9

4) PLANT, PROPERTY, AND EQUIPMENT, NET

Plant, property, and equipment consist of the following:

	SEPTEMBER 30, 1999	DECEMBER 31, 1998
Land and improvements	$ 68.0	$ 51.5
Buildings and improvements	318.5	346.7
Machinery and equipment	1,151.0	1,295.8
Construction work in progress	99.7	103.9
Other	377.6	509.1
	2,014.8	2,307.0
Less -- accumulated depreciation and amortization	(1,206.9)	(1,315.4)
	$ 807.9	$ 991.6

ITT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS -- (CONTINUED)

(IN MILLIONS, EXCEPT PER SHARE, UNLESS OTHERWISE STATED)

5) COMPREHENSIVE INCOME

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	1999	1998	1999	1998
Net income:				
Continuing operations	$ 54.4	$ 26.9	$ 160.2	$ 65.1
Discontinued operations:				
Operating income	--	15.0	--	101.7
Gain on sales of ITT Automotive	--	1,546.9	--	1,546.9
Total	54.4	1,588.8	160.2	1,713.7
Other comprehensive income (loss):				
Foreign currency translation adjustments	(6.6)	1.3	(14.1)	(10.0)
Reclassification included in net income	--	(182.6)	--	(182.6)
	(6.6)	(181.3)	(14.1)	(192.6)
Unrealized gain (loss) on investment securities during period	(2.1)	(2.7)	(0.9)	(2.3)
Other comprehensive income (loss), before tax	(8.7)	(184.0)	(15.0)	(194.9)
Income benefit (tax) for other comprehensive income	4.7	(14.7)	(5.8)	(16.6)
Other comprehensive income (loss), after tax	(4.0)	(198.7)	(20.8)	(211.5)
Comprehensive income	$ 50.4	$ 1,390.1	$ 139.4	$ 1,502.2

Note: The $182.6 pre-tax reclassification adjustment for the three month and nine month periods ended September 30, 1998, was due to the sales of the Company's discontinued automotive businesses.

6) CALCULATION OF EARNINGS PER SHARE

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	1999	1998	1999	1998
BASIC BASIS --				
Income from continuing operations	$ 54.4	$ 26.9	$ 160.2	$ 65.1
Average common shares outstanding	87.9	115.0	89.5	117.1
Earnings Per Share	$ .62	$ .23	$ 1.79	$ .56
DILUTED BASIS --				
Income from continuing operations	$ 54.4	$ 26.9	$ 160.2	$ 65.1
Average common shares outstanding	87.9	115.0	89.5	117.1
Add: Stock options	2.7	3.1	3.0	3.2
Average common shares outstanding- diluted basis	90.6	118.1	92.5	120.3
Earnings Per Share	$ .60	$ .23	$ 1.73	$ .54

7) ACQUISITIONS

On September 10, 1999 the Company acquired Flojet Corporation ("Flojet"), a privately held company, for approximately $142, consisting of $132 in cash and $10 in notes payable. Flojet manufactures air and electric driven pumps, motors, and dispensing equipment for a variety of industries, including beverage, general industrial equipment, agricultural/lawn and garden, recreational vehicle, leisure marine, and water purification. Flojet has annual sales of approximately $50.

During the first nine months of 1999, the Company also made six acquisitions for a total of approximately $100. The results of these businesses were not material in relation to the Company's consolidated results of operations.

On October 29, 1999 the Company completed the purchase of STX Pte. Ltd. ("STX") from Singapore-based San Teh, Ltd., for approximately $110. STX manufactures conductive rubber switches used in keypads for mobile telephones, high-end remote control units, and keyless entry systems. STX has annual sales of approximately $64.

Each of the aforementioned acquisitions has been or will be accounted for using the purchase method. The purchase price allocations have been prepared on a preliminary basis and changes are expected as evaluations of assets and liabilities are completed and as additional information becomes available. The excess of the purchase price over the fair value of the assets acquired and the liabilities assumed have or will be recorded as goodwill, and will be amortized over a period not to exceed 40 years.

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

RESULTS OF OPERATIONS

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

Net income from continuing operations for the third quarter of 1999 was $54.4 million, or $.60 per diluted share. This compares to $26.9 million, or $.23 per diluted share from the comparable period last year. The increase in net income of $27.5 million was attributable to higher operating income resulting from higher sales volume, restructuring and other cost reduction initiatives, and a significant reduction in interest expense.

Sales and revenues for the third quarter of 1999 increased $58.4 million from the third quarter of 1998 due to increases of $41.8 million in our Defense Products & Services segment, $22.5 million in our Specialty Products segment, and $3.8 million in our Pumps & Complementary Products segment. Selling, general and administrative expenses decreased $13.3 million from last year primarily due to cost reduction initiatives.

In the third quarter of 1998, the Company recorded $16.0 million for various restructuring projects at Connectors & Switches and a $16.0 million gain on the sale of Pomona Electronics. Excluding nonrecurring charges, ongoing segment margin increased 1.6 percentage points from the third quarter of 1998.

Interest expense, net of interest income, was $14.5 million lower in the third quarter of 1999 compared to last year. The decrease was due to using a portion of the proceeds from the automotive sales to significantly lower the Company's debt level.

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

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

Three months ended September 30,1999	Connectors & Switches	Defense Products & Services	Pumps & Complementary Products	Specialty Products	Dispositions, Other & Eliminations	Corporate	Grand Total
Sales and revenues	$ 127.4	$ 319.9	$ 441.2	$ 216.2	$ 1.7	$ --	$ 1,106.4
Operating Income	$ 15.9	$ 24.2	$ 44.0	$ 26.5	$ (0.1)	$ (12.3)	$ 98.2
Three months ended September 30,1998							
Sales and revenues	$ 129.3	$ 278.1	$ 437.4	$ 193.7	$ 9.5	$ --	$ 1,048.0
Operating Income	$ (4.1)	$ 23.2	$ 37.4	$ 14.2	$ 17.7	$ (16.3)	$ 72.1

Connectors & Switches' sales and revenues decreased $1.9 million compared with the third quarter of 1998. This was mainly due to softness in the military, aerospace and commercial aircraft businesses, partially offset by growth in the switches business. Operating income increased $20.0 million primarily due to cost reduction initiatives instituted this year and a $16.0 million charge taken in 1998 for restructuring projects.

Defense Products & Services' sales and revenues for the third quarter of 1999 increased $41.8 million compared with the third quarter of 1998 due to increased sales of our SINCGARS and Night Vision products. Operating income increased $1.0 million in the third quarter of 1999 compared with the same period last year mainly due to higher sales volume.

Pumps & Complementary Products' sales for the third quarter of 1999 increased $3.8 million compared with the same period last year. The continued softness in the industrial end-use markets was partially offset by improvements at our Fluid Handling and Water Technology divisions. Operating income increased $6.6 million in the third quarter of 1999 compared with the third quarter of 1998 due to cost reduction initiatives.

Specialty Products' sales for the third quarter of 1999 increased $22.5 million compared with the third quarter of 1998. The increase is due to higher automotive build rates in North America, increased market share in Europe and the impact of the General Motors strike last year. Operating income increased $12.3 million in the third quarter of 1999 compared with the same period last year due to higher sales volume.

Corporate expenses decreased $4.0 million in the third quarter of 1999 compared to last year mainly due to lower costs from corporate restructuring efforts initiated in the fourth quarter of 1998.

NINE MONTHS ENDED SEPTEMBER 30, 1999 COMPARED WITH NINE MONTHS ENDED SEPTEMBER 30, 1998

Net income from continuing operations was $160.2 million, or $1.73 per diluted share. This compares to $83.9 million of net income or $0.70 per diluted share, excluding nonrecurring items of $18.8 million ($30.8 million before tax), for 1998. The increase in net income of $76.3 million was mainly attributable to higher sales volume, restructuring and other cost reduction initiatives and a significant reduction in interest expense.

Sales and revenues for the first nine months of 1999 increased $117.3 million from the first nine months of 1998 primarily due to an increase of $97.3 million in our Defense Products & Services segment and an increase of $90.5 million in our Specialty Products segment. These increases were partially offset by decreases of $22.3 million in our Connectors & Switches segment and $9.3 million in our Pumps & Complementary Products segment. Selling, general and administrative expenses decreased by $33.4 million compared to last year primarily due to cost reduction initiatives.

The first nine months of 1998 had nonrecurring charges of $30.8 million. This consisted of $25.7 million for the closure of a plant, $16.0 million of restructuring projects at Connectors & Switches, and $20.1 million of accruals for anticipated legal expenses and losses on the divestitures of non-core businesses. These costs were partially offset by $31.0 million of gains on the sales of Barton and Pomona Electronics. Excluding nonrecurring charges, operating segment margin increased 1.2 percentage points from the first nine months of 1998.

Interest expense, net of interest income, decreased $57.3 million in the first nine months of 1999 compared to last year. The decrease was due to using a portion of the proceeds from the automotive sales to significantly lower the Company's debt level.

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

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

Nine months ended September 30, 1999	Connectors & Switches	Defense Products & Services	Pumps & Complementary Products	Specialty Products	Dispositions, Other & Eliminations	Corporate	Grand Total
Sales and revenues	$ 372.4	$ 1,023.2	$ 1,284.0	$ 703.0	$ 7.2	$ --	$ 3,389.8
Operating Income	$ 43.1	$ 70.3	$ 116.4	$ 98.8	$ 0.3	$ (43.6)	$ 285.3
Total Assets	$ 311.0	$ 641.1	$ 1,746.0	$ 737.0	$ 78.3	$ 831.5	$ 4,344.9
Nine months ended September 30, 1998							
Sales and revenues	$ 394.7	$ 925.9	$ 1,293.3	$ 612.5	$ 46.1	$ --	$ 3,272.5
Operating Income	$ 20.1	$ 67.4	$ 79.5	$ 65.9	$ 35.9	$ (69.2)	$ 199.6
Total Assets	$ 325.7	$ 602.9	$ 1,840.1	$ 607.3	$ 370.2	$ 2,699.9	$ 6,446.1

Connectors & Switches' sales and revenues decreased $22.3 million from the prior year mainly due to weak demand in the connectors business in Europe and North America. This was partially offset by growth in the switches business. Operating income increased $23.0 million from the prior year mainly due to cost reduction initiatives instituted this year and a $16.0 million charge taken in 1998 for restructuring projects.

Defense Products & Services' sales and revenues increased $97.3 million from the prior year principally due to a $25.6 million claim settlement on a prior year project in our Aerospace and Communications division and higher sales volume in our Night Vision unit. Operating income was $2.9 million higher in the first nine months of 1999 compared to the same period last year mainly due to higher sales volume and the receipt of a $5.3 million settlement in the second quarter of 1999. During the first nine months of 1999, the Company recorded $28.3 million in charges for loss contracts, warranty provisions, asset impairments and other matters.

Pumps & Complementary Products' sales decreased $9.3 million compared to the same period last year. The decrease was primarily due to weakness in the industrial end-use markets. Operating income increased $11.2 million compared to 1998 due to cost reduction initiatives. This increase excludes a 1998 restructuring charge of $25.7 million for the shut down of a pump manufacturing facility in Cincinnati, Ohio.

Specialty Products' sales increased $90.5 million compared to the same period last year. The increase is primarily due to higher automotive build rates in North America, increased market share in Europe, the impact of the General Motors strike last year and $16.4 million due to the acquisition of Rule Industries, Inc. in June 1998. Operating income for the first nine months of 1999 increased $32.9 million compared to last year due to higher sales volume and cost reduction initiatives.

Corporate expenses, excluding a $20.1 million charge for restructuring recorded in the first quarter of 1998, decreased $5.5 million in the first nine months of 1999 compared to the comparable period. Expenses recorded during the first nine months of 1999 for tax organization costs, terminated projects and other matters were more than offset by lower costs due to corporate restructuring efforts initiated in the fourth quarter of 1998.

LIQUIDITY AND CAPITAL RESOURCES

Cash from operating activities of $192.2 million, increase in debt of $141.1 million, divestiture proceeds of $71.3 million and $662.0 million of cash and cash equivalents were used primarily for repurchases of common stock of $394.3 million, capital expenditures of $138.6 million, acquisitions of $232.6 million, dividend payments of $42.4 million, and $276.8 million for costs related to discontinued operations.

STATUS OF RESTRUCTURING ACTIVITIES: During 1998, the Company recorded restructuring charges to close facilities, discontinue product lines and reduce headcount. As of September 30, 1999, the Company had closed 16 of the planned 25 facilities, discontinued 16 of the planned 19 product lines and reduced the workforce by 1,498, or approximately 62% of the planned aggregate reduction of approximately 2,400 persons.

CASH FLOWS: Cash from operating activities in the first nine months of 1999 was $192.2 million, an increase of $137.5 million from the first nine months of 1998. This increase excludes $1.6 billion of income from discontinued operations in the first nine months of 1998. The main driver of the increase is higher earnings, better working capital management and lower tax payments. The first nine months of 1999 reflects cash payments of $41.7 million for restructuring.

ADDITIONS TO PLANT, PROPERTY AND EQUIPMENT: Capital expenditures during the first nine months of 1999 were $138.6 million, an increase of $23.5 million from the first nine months of 1998. The majority of the increase was in our Defense Products & Services segment related to the purchase of a building.

ACQUISITIONS: During the first nine months of 1999 the Company acquired Water Pollution Control Corporation, Hydro Air Industries, Inc., FloJet Corp., K&M Electronics, made an equity investment in EarthWatch Inc. and acquired two other small companies. The aggregate of these investments was $232.6 million, net of cash acquired of $2.5 million. During the first nine months of 1998, the Company acquired Rule Industries, Inc. for $63.3 million and four other small companies.

DIVESTITURES: During the first nine months of 1999, the Company had two divestitures, Palm Coast Utility, and Carbon Industries that generated $56.2 million of cash. The remaining $15.1 million of proceeds from the sale of assets for the first nine months of 1999, represents plant, property and equipment sales across all of our businesses. In 1998, the Company sold its automotive Brake and Chassis and Electrical Systems businesses, Barton fluid measurement and Pomona Electronics units for a total of $3.7 billion.

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

DEBT AND CREDIT FACILITIES: External debt at September 30, 1999 was $881.1 million, compared with $767.1 million at December 31,1998. Cash and cash equivalents were $218.9 million at September 30, 1999, compared to $880.9 million at year end 1998. On August 1, 1999, the Company redeemed all of its outstanding 8 3/4% senior debentures due March 1, 2006 and 9 1/4% senior debentures due July 15, 2001. The maximum amount of borrowing available under the Company's revolving credit agreements at September 30, 1999 was $1.5 billion.

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

YEAR 2000 UPDATE: As presented in the Company's Form 10-K Annual Report for the fiscal year ended December 31, 1998, the Company has conducted a comprehensive inventory and assessment of its software and equipment to determine their state of year 2000 "Y2K" readiness. As of September 30, 1999, the Company estimates that all software and equipment essential to the operations of the business, as well as all other software and equipment, have been modified, upgraded or replaced and tested to confirm Y2K compliance, based upon the number of items the Company has identified which require remediaton. The Company is continuing the process of determining third party Y2K readiness and as of September 30, 1999 had communicated with all critical suppliers and vendors who supply products and services critical to the operations of the Company's business. The Company has utilized questionnaires, telephone interviews, site visits and audits in an effort to assess preparedness of such suppliers and vendors. Over 98% of our critical suppliers have advised us that they expect to be fully compliant on a timely basis and we have verified that they are substantially compliant as of September 30, 1999 based on the results of the efforts described above. Alternative supply arrangements or other contingency plans are being addressed for those critical suppliers/vendors who we believe may not be Y2K compliant before year-end. Currently, the Company estimates that the aggregate cost of its Y2K initiatives will total approximately $19.5 million, substantially all of which was incurred as of September 30, 1999. Approximately 75% of total costs have been expensed with the balance being capitalized.

FORWARD-LOOKING STATEMENTS

Certain material presented herein consists of forward-looking statements which involve known and unknown risks, uncertainties and other important factors that could cause actual results to differ materially from those expressed in or implied from such forward-looking statements. Such factors include those set forth in Item 1. Business and Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Forward-Looking Statements in the ITT Industries, Inc. Form 10-K Annual Report for the fiscal year ended December 31, 1998 and other of its filings with the Securities and Exchange Commission, to which reference is hereby made.

Part II.

OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

Reference is made to the Form 10-K Annual Report for the fiscal year ended December 31, 1998 filed by ITT Industries. The second full paragraph under Item 3. Legal Proceedings therein concerning environmental matters relating to the San Fernando Valley aquifer and other matters, as amended in the ITT Industries Form 10-Q for the quarterly period ended June 30, 1999, is hereby deleted and replaced in its entirety with the following:

"ITT Industries has been involved since 1991 in an environmental proceeding in California relating to the San Fernando Valley aquifer. ITT Industries is one of numerous PRPs who are alleged by the EPA to have contributed to the contamination of the aquifer. ITT Industries and other allegedly responsible parties have completed an allocation arbitration and have commenced the clean-up required by the EPA. Lockheed Martin Corporation, one of such parties, challenged the allocation arbitration in the Superior Court, Los Angeles County. The lower court ruled in ITT Industries' favor and Lockheed Martin appealed. On appeal, the California Court of Appeals upheld the decision of the Superior Court. Lockheed Martin's petition for review to the California Supreme Court was denied in August 1999. In January 1999, the EPA filed a complaint in the United States District Court for the Central District of California against ITT Industries and Lockheed Martin Corporation, United States v. ITT Industries, Inc. and Lockheed Martin Corp. CV99-00552 SVW AIJX, to recover costs it has incurred in connection with the foregoing. In May 1999, the EPA and the PRPs, including ITT Industries and Lockheed Martin, reached an agreement in principle on a consent decree settling that case. The consent decree is awaiting approval from the EPA. In a suit filed several years ago by ITT Industries in the California Superior Court, Los Angeles County, ITT Corporation, et al. v. Pacific Indemnity Corporation et al. against its insurers, ITT Industries is seeking recovery of costs it incurred in connection with this and other environmental matters. In April 1999, the Superior Court granted partial summary judgment under California law, dismissing certain claims in the California action. The California Court of Appeals has accepted ITT Industries' petition for review of the Superior Court's order. Argument was scheduled for August 1999; however, it has now been continued to an indefinite date. In April 1999, ITT Industries initiated a new coverage action in New Jersey, ITT Industries, Inc. et al. v. Federal Ins. Co. et al., (Middlesex County, No. L-1919-99), involving new environmental insurance claims as well as claims pending but dormant before the court in California. ITT Industries' insurers challenged the convenience of New Jersey as the forum for this action. In its ruling on the motion, the Court dismissed the non-New Jersey claims, deferred action on certain New Jersey claims and retained jurisdiction over one New Jersey claim. ITT Industries has negotiated settlements with certain defendant insurance companies, is engaged in negotiations with others, and is prepared to pursue its legal remedies where reasonable negotiations are not productive."

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

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

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

SIGNATURE

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

ITT Industries, Inc.
(Registrant)

By Edward W. Williams

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

November 15, 1999
(Date)

EXHIBIT INDEX

Exhibit No.	Description	Location
(2)	Plan of acquisition, reorganization, arrangement, liquidation or succession	None
(3)	Articles of Incorporation and by-laws	None
(4)	Instruments defining the rights of security holders, including indentures	None
(10)	Material contracts (k) ITT Industries 1996 Restricted Stock Plan for Non-Employee Directors, as amended	Filed Herewith
(11)	Statement re computation of per share earnings	See Note 6 to Notes to Consolidated Financial Statements
(15)	Letter re unaudited interim financial information	None
(18)	Letter re change in accounting principles	None
(19)	Report furnished to security holders	None
(22)	Published report regarding matters submitted to vote of security holders	None
(23)	Consents of experts and counsel	None
(24)	Power of attorney	None
(27)	Financial Data Schedule	Filed Herewith
(99)	Additional Exhibits	None

EXHIBIT 10(K)

ITT INDUSTRIES 1996 RESTRICTED STOCK PLAN FOR NON-EMPLOYEE DIRECTORS

ARTICLE I -- PLAN ADMINISTRATION AND ELIGIBILITY

1.1 PURPOSE

The purpose of the ITT Industries 1996 Restricted Stock Plan for Non-Employee Directors (the "Plan") is to attract and retain persons of ability as Directors of ITT Industries, Inc. (the "Company") and to provide them with a closer identity with the interests of the Company's stockholders by paying the Annual Retainer in common stock of the Company.

1.2 ADMINISTRATION

The Plan shall be administered by the Compensation and Personnel Committee of the Board of Directors (hereinafter referred to as the "Committee"). The Committee shall have the responsibility of interpreting the Plan and establishing and amending such rules and regulations necessary or appropriate for the administration of the Plan. All interpretations of the Plan or any Restricted Stock awards issued under it shall be final and binding upon all persons having an interest in the Plan. No member of the Committee shall be liable for any action or determination taken or made in good faith with respect to this Plan or any award granted hereunder.

1.3 ELIGIBILITY

Directors of the Company who are not employees of the Company or any of its subsidiaries shall be eligible to participate in the Plan.

1.4 STOCK SUBJECT TO THE PLAN

(a) The maximum number of shares which may be granted under the Plan shall be 100,000 shares of common stock of the Company (the "Stock").

(b) If any Restricted Stock is forfeited by a Director in accordance with the provisions of Section 2.2(c), such shares of Restricted Stock shall be restored to the total number of shares available for grant pursuant to the Plan.

(c) Upon the grant of a Restricted Stock award the Company may distribute newly issued shares or treasury shares.

ARTICLE II -- RESTRICTED STOCK

2.1 RESTRICTED STOCK AWARDS

Restricted Stock awards shall be made automatically on the date of the Annual Meeting of Stockholders, to each Director elected at the meeting or continuing in office following the meeting. The award shall equal the number of whole shares arrived at by dividing the Annual Retainer that is in effect for the calendar year within which the award date falls, by the Fair Market Value of the Company's common stock. Fractional shares shall be paid in cash.

(a) "Annual Retainer" shall mean the amount that is payable to a Director for service on the Board of Directors during the calendar year. Annual Retainer shall not include fees paid for attendance at any Board or Committee meeting.

(b) "Fair Market Value" shall mean the average of the high and low prices per share of the Company's common stock on the date of the Annual Meeting, as reported by the New York Stock Exchange Composite Tape.

2.2 TERMS AND CONDITIONS OF RESTRICTED STOCK AWARDS

(a) Written Agreement -- Each Restricted Stock award shall be evidenced by a written agreement delivered to the Director in such form as the Committee shall prescribe. Such agreement shall include the restrictions described under Section 2.2(c) and any other restrictions and conditions on the shares as the Committee deems appropriate.

(b) Shares held in Escrow -- The Restricted Stock subject to such award shall be registered in the name of the Director and held in escrow by the Committee until the restrictions on such shares lapse as described below.

(c) Restrictions -- Restricted Stock granted to a Director may not be sold, assigned, transferred, pledged or otherwise disposed of, except by will or the laws of descent and distribution, prior to the earliest of the following dates:

(1) The fifth anniversary of the date of grant.

(2) Retirement from the Board at age 72.

(3) "Change in Control" of the Company. A "Change in Control" shall be deemed to have occurred if:

(i) a report on Schedule 13D shall be filed with the Securities and Exchange Commission pursuant to Section 13(d) of the Securities Exchange Act of 1934 (the "Act") disclosing that any person (within the meaning of Section 13(d) of the Act), other than the Company or a subsidiary of the Company or any employee benefit plan sponsored by the Company or a subsidiary of the Company, is the beneficial owner directly or indirectly of twenty percent or more of the outstanding Stock of the Company;

(ii) any person (within the meaning of Section 13(d) of the Act), other than the Company or a subsidiary of the Company or any employee benefit plan sponsored by the Company or a subsidiary of the Company, shall purchase shares pursuant to a tender offer or exchange offer to acquire any Stock of the Company (or securities convertible into Stock) for cash, securities or any other consideration, provided that after consummation of the offer, the person in question is the beneficial owner (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, of fifteen percent or more of the outstanding Stock of the Company (calculated as provided in paragraph (d) of Rule 13d-3 under the Act in the case of rights to acquire Stock);

(iii) the stockholders of the Company shall approve (A) any consolidation or merger of the Company in which the Company is not the continuing or surviving corporation or pursuant to which shares of Stock of the Company would be converted into cash, securities or other property, other than a merger of the Company in which holders of Stock of the Company immediately prior to the merger have the same proportionate ownership of common stock of the surviving corporation immediately after the merger as immediately before, or (B) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all the assets of the Company; or

(iv) there shall have been a change in a majority of the members of the Board within a 12-month period unless the election or nomination for election by the Company's stockholders of each new Director during such 12-month period was approved by the vote of two-thirds of the Directors then still in office who were Directors at the beginning of such 12-month period.

(4) Death of the Director.

(5) Disability of the Director.

(6) Termination of service from the Board on account of (i) a physical or mental condition that, in the opinion of a qualified physician, is expected to impede the Director's ability to fulfill his or her principal duties for a period of at least three months; (ii) the relocation of the Director's principal place of

business to a location that increases the time required for such Director to travel to the Company's headquarters by more than 50%; (iii) the acceptance by the Director of a position (other than an honorary position) in the government of the United States, any State or any municipality or any subdivision thereof or any organization performing any quasi-governmental function; (iv) any circumstances which, in the opinion of outside counsel to the Company, would (or could reasonably be expected to) conflict with applicable law or any written policy of the Company; or (v) any other circumstance in which the Committee believes, in its sole discretion, that the purposes for which the grants of Restricted Stock were made have been fulfilled, and as such is consistent with the intention of the Plan.

(7) Notwithstanding Section 2.2(c)(2) hereof, retirement from the Board at or after attaining age 65, provided that such Director was a member of the Board of Directors of the Company's corporate predecessor, ITT Corporation, a Delaware corporation, on December 18, 1995 and served as a Director of the Company thereafter.

(d) Dividends and Voting Rights -- The Director shall, subject to Section 2.2(c), possess all incidents of ownership of the shares of Restricted Stock including the right to receive dividends with respect to such shares and to vote such shares.

(e) The Company shall deliver to the Director, or the beneficiary of such Director, if applicable, all of the shares of stock that were awarded to the Director as Restricted Stock, within 30 days following the lapse of restrictions as described under Section 2.2(c). If the Director discontinues serving on the Board prior to the date upon which restrictions lapse as described under Section 2.2(c), such Director's Restricted Stock will be forfeited by the Director and transferred to and reacquired by the Company at no cost to the Company.

ARTICLE III -- GENERAL PROVISIONS

3.1 AUTHORITY

Appropriate officers of the Company designated by the Committee are authorized to execute Restricted Stock agreements, and amendments thereto, in the name of the Company, as directed from time to time by the Committee.

3.2 ADJUSTMENTS IN THE EVENT OF CHANGE IN COMMON STOCK OF THE COMPANY

In the event of any reorganization, merger, recapitalization, consolidation, liquidation, stock dividend, stock split, reclassification, combination of shares, rights offering, split-up, or extraordinary dividend (including a spin-off) or divestiture, or any other change in the corporate structure or shares, the number and kind of shares which thereafter may be granted under the Plan and the number of shares of Restricted Stock awarded pursuant to Section 2.1 with respect to which all restrictions have not lapsed, shall be appropriately adjusted consistent with such change in such manner as the Board in its discretion may deem equitable to prevent substantial dilution or enlargement of the rights granted to, or available for, Directors participating in the Plan. Any fractional shares resulting from such adjustments shall be eliminated.

3.3 RIGHTS OF DIRECTORS

The Plan shall not be deemed to create any obligation on the part of the Board to nominate any Director for reelection by the Company's stockholders or to retain any Director at any particular rate of compensation. The Company shall not be obligated to issue Stock pursuant to an award of Restricted Stock for which the restrictions hereunder have lapsed if such issuance would constitute a violation of any applicable law. Except as provided herein, no Director shall have any rights as a stockholder with respect to any shares of Restricted Stock awarded to him.

3.4 BENEFICIARY

A Director may file with the Committee a written designation of a beneficiary on such form as may be prescribed by the Committee and may, from time to time, amend or revoke such designation. In the event of the death of a Director, his beneficiary shall have the right to receive the shares of Restricted Stock awarded pursuant to the Plan. If no designated beneficiary survives the Director, the executor or administrator of the Director's estate shall be deemed to be the Director's beneficiary.

3.5 LAWS AND REGULATIONS

The Committee shall have the right to condition any issuance of shares to any Director hereunder on such Director's undertaking in writing to comply with such restrictions on the subsequent disposition of such shares as the Committee shall deem necessary or advisable as a result of any applicable law or regulation. The Committee may postpone the delivery of stock following the lapse of restrictions with respect to awards of Restricted Stock for such time as the Committee in its discretion may deem necessary, in order to permit the Company with reasonable diligence (i) to effect or maintain registration of the Plan, or the shares issuable upon the lapse of certain restrictions respecting awards of Restricted Stock, under the Securities Act of 1933 or the securities laws of any applicable jurisdiction, or (ii) to determine that such shares and the Plan are exempt from such registration; the Company shall not be obligated by virtue of any Restricted Stock agreement or any provision of the Plan to recognize the lapse of certain restrictions respecting awards of Restricted Stock or issue shares in violation of said Act or of the law of the government having jurisdiction thereof.

3.6 AMENDMENT, SUSPENSION AND DISCONTINUANCE OF THE PLAN

The Board may from time to time amend, suspend or discontinue the Plan, provided that the Board may not, without the approval of the holders of a majority of the outstanding shares entitled to vote, take any action which would cause the Plan to no longer comply with Rule 16b-3 under the Act, or any successor rule or other regulatory requirement.

No amendment, suspension or discontinuance of the Plan shall impair a Director's right under a Restricted Stock award previously granted to him without his consent.

3.7 GOVERNING LAW

This Plan and all determinations made and actions taken pursuant hereto shall be governed by the laws of the State of New York.

3.8 EFFECTIVE DATE AND DURATION OF THE PLAN

This Plan shall be effective upon the Distribution Date (as defined in the Proxy Statement of ITT Corporation dated August 30, 1995) subject to the approval of the Plan by the stockholders of ITT Corporation, and shall terminate on December 31, 2005, provided that grants of Restricted Stock made prior to the termination of the Plan may vest following such termination in accordance with their terms.

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE
SEPTEMBER 30, 1999 FINANCIAL STATEMENTS INCLUDED IN FORM 10-Q AND IS QUALIFIED
IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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9-MOS
DEC-31-1999
SEP-30-1999
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