

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 (FEE REQUIRED)
For the fiscal year ended: December 31, 1997

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the transition period from _____ to

Commission File Number 1-4471

A. Full title of the plan and address of the plan, if different
from that of
the issuer named below:

THE PROFIT SHARING PLAN OF XEROX CORPORATION AND
THE XEROGRAPHIC DIVISION, UNION OF NEEDLETRADES, INDUSTRIAL
AND TEXTILE EMPLOYEES, A.F.L. - C.I.O. - C.L.C.

B. Name of issuer of the securities held pursuant to the plan and
the address
of its principal executive office:

Xerox Corporation
P.O. Box 1600
Stamford, Connecticut 06904-1600

THE PLAN. Pursuant to the requirements of the Securities
Exchange Act of 1934, the persons who administer the plan have duly
caused this annual report to be signed on its behalf by the
undersigned thereunto duly authorized.

THE PROFIT SHARING PLAN OF XEROX CORPORATION AND THE XEROGRAPHIC
DIVISION, UNION OF NEEDLETRADES, INDUSTRIAL AND TEXTILE EMPLOYEES,
A.F.L. - C.I.O. - C.L.C.

Patricia M. Nazemetz

Stamford, Connecticut
Dated June 26, 1998

THE PROFIT SHARING PLAN OF
XEROX CORPORATION AND
THE XEROGRAPHIC DIVISION,
UNION OF NEEDLETRADES, INDUSTRIAL
AND TEXTILE EMPLOYEES
A.F.L. - C.I.O. - C.L.C.

Financial Statements and Schedule

December 31, 1997 and 1996

(With Independent Auditors' Report
Thereon)

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THE PROFIT SHARING PLAN OF
XEROX CORPORATION AND
THE XEROGRAPHIC DIVISION,
UNION OF NEEDLETRADES, INDUSTRIAL
AND TEXTILE EMPLOYEES
A.F.L. - C.I.O. - C.L.C.

Statement of Net Assets Available for Plan Benefits
With Fund Information

December 31, 1997

	International Stock Fund	U.S. Stock Fund	Fund Information Small Company Stock Fund	Balanced Fund
Assets:				
Investment in Master Trust	\$ 9,841,193	12,796,198	1,519,712	65,924,606
Participant notes receivable	-	-	-	-
Employer contributions receivable	141,140	399,044	226,836	2,535,065
Total assets	9,982,333	13,195,242	1,746,548	68,459,671
Liabilities:				
Accrued expenses and other liabilities	18,846	8,470	14,039	77,887
Due from (to) other funds	(516,820)	7,870	72,614	(280,789)
Due from (to) other plans	4	(7,172)	(6,306)	(49,439)
Net assets available for plan benefits	\$ 9,446,671	13,187,470	1,798,817	68,051,556

The accompanying notes are an integral part of the financial statements.

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Income Fund	Xerox Stock Fund	Employee Loan Fund	Total
81,394,772	27,853,875	-	209,330,356
-	-	12,783,806	12,783,806
254,211	919,093	-	4,475,389
81,648,983	28,772,968	12,783,806	226,589,551
113,405	6,157	-	238,804
(72,094)	789,219	-	-
(2,228)	(289,823)	-	(354,964)
81,461,256	29,266,207	12,783,806	225,995,783

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THE PROFIT SHARING PLAN OF
 XEROX CORPORATION AND
 THE XEROGRAPHIC DIVISION,
 UNION OF NEEDLETRADES, INDUSTRIAL
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 A.F.L. - C.I.O. - C.L.C.

Statement of Net Assets Available for Plan Benefits
 With Fund Information

December 31, 1996

	International Stock Fund	Fund Information U.S. Stock Fund	Small Company Stock Fund	Balanced Fund
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Assets:				
Investment in Master Trust	\$ 7,864,634	7,055,404	7,380,655	48,959,548
Participant notes receivable	-	-	-	-

Employer contributions receivable	256,046	280,792	411,977	1,038,178
Total assets	8,120,680	7,336,196	7,792,632	49,997,726
Liabilities:				
Accrued expenses and other liabilities	8,973	1,348	4,948	26,563
Due from (to) other funds	104,649	30,316	34,663	95,409
Net assets available for plan benefits	\$ 8,216,356	7,365,164	7,822,347	50,066,572

The accompanying notes are an integral part of the financial statements.

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Income Fund	Xerox Stock Fund	Employee Loan Fund	Total
84,907,703	16,083,001	-	172,250,945
-	-	11,350,450	11,350,450
556,804	533,368	-	3,077,165
85,464,507	16,616,369	11,350,450	186,678,560
15,378	(1,782)	-	55,428
(264,241)	(232,839)	232,043	-
85,184,888	16,385,312	11,582,493	186,623,132

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THE PROFIT SHARING PLAN OF
XEROX CORPORATION AND
THE XEROGRAPHIC DIVISION,
UNION OF NEEDLETRADES, INDUSTRIAL
AND TEXTILE EMPLOYEES
A.F.L. - C.I.O. - C.L.C.

Statement of Changes in Net Assets Available for Plan Benefits
With Fund Information

Year ended December 31, 1997

	International Stock Fund	Fund Information U.S. Stock Fund	Small Company Stock Fund	Balanced Fund
Contributions:				
Employees' -				
Voluntary	\$ 847,677	1,016,708	1,026,289	3,996,212
Employer	251,888	519,168	358,981	3,155,324
Total				
contributions	1,099,565	1,535,876	1,385,270	7,151,536
Net income from				
Master				
Trust investments,				
net of				
administrative				
expenses	780,911	2,863,438	1,595,595	10,664,884
Interest income on				
participant				
notes receivable	-	-	-	-
-				
Total	1,880,476	4,399,314	2,980,865	17,816,420
Benefit payments	(338,914)	(193,823)	(220,068)	(2,254,111)
Transfers among				
Funds	(311,251)	1,623,987	1,221,979	2,472,114
Transfer from (to)				
other plans	4	(7,172)	(6,306)	(49,439)
Net increase				
(decrease)				
in net assets				
available				
for plan				
benefits	1,230,315	5,822,306	3,976,470	17,984,984
Net assets available				
for plan				
benefits:				
Beginning of				
year	8,216,356	7,365,164	7,822,347	50,066,572
End of				
Year	\$ 9,446,671	13,187,470	11,798,817	68,051,556

The accompanying notes are an integral part of the financial statements.

Income Fund	Xerox Stock Fund	Employee Loan Fund	Total
5,172,716	1,651,221	-	13,710,823

1,079,405	1,115,476	-	6,480,242
6,252,121	2,766,697	-	20,191,065
5,678,877	7,032,350	-	28,616,055
-	-	972,730	972,730
11,930,998	9,799,047	972,730	49,779,850
(6,560,908)	(484,411)	-	(10,052,235)
(9,091,494)	3,856,082	228,583	-
(2,228)	(289,823)	-	(354,964)
(3,723,632)	12,880,895	1,201,313	39,372,651
85,184,888	16,385,312	11,582,493	186,623,132
81,461,256	29,266,207	12,783,806	225,995,783

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THE PROFIT SHARING PLAN OF
XEROX CORPORATION AND
THE XEROGRAPHIC DIVISION,
UNION OF NEEDLETRADES, INDUSTRIAL
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A.F.L. - C.I.O. - C.L.C.

Statement of Changes in Net Assets Available for Plan Benefits
With Fund Information

Year ended December 31, 1996

	International Stock Fund	Fund Information U.S. Stock Fund	Small Company Stock Fund	Balanced Fund
Contributions:				
Employees' -				
Voluntary	\$ 635,693	730,553	664,705	3,678,924
Employer	333,754	371,494	488,810	1,521,349
Total				
Contributions	969,447	1,102,047	1,153,515	5,200,273
Net income from Master Trust investments, net of administrative expenses	1,231,660	1,088,917	1,215,520	7,863,559
Interest income on participant notes receivable	-	-	-	-
Total	2,201,107	2,190,964	2,369,035	13,063,832
Benefit payments	(452,950)	(172,350)	(239,220)	(4,184,856)
Transfers among Funds	2,122,243	1,644,537	2,051,421	1,030,053
Net increase (decrease) in net assets available for plan benefits	3,870,400	3,663,151	4,181,236	9,909,029

Net assets available for plan benefits:				
Beginning of year	4,345,956	3,702,013	3,641,111	40,157,543
End of year \$	8,216,356	7,365,164	7,822,347	50,066,572

The accompanying notes are an integral part of the financial statements.

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Income Fund	Xerox Stock Fund	Segregated Assets Fund (see note 4)	Employee Loan Fund	Total
6,179,199	1,094,794	-	-	12,983,868
1,772,340	675,052	-	-	5,162,799
7,951,539	1,769,846	-	-	18,146,667
5,292,502	2,105,714	135,231	-	18,933,103
-	-	-	851,082	851,082
13,244,041	3,875,560	135,231	851,082	37,930,852
(12,100,391)	(401,411)	-	-	(17,551,178)
(10,295,526)	3,377,596	(220,926)	290,602	-
(9,151,876)	6,851,745	(85,695)	1,141,684	20,379,674
94,336,764	9,533,567	85,695	10,440,809	166,243,458
85,184,888	16,385,312	-	11,582,493	186,623,132

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THE PROFIT SHARING PLAN OF
XEROX CORPORATION AND
THE XEROGRAPHIC DIVISION,
UNION OF NEEDLETRADES, INDUSTRIAL
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A.F.L. - C.I.O. - C.L.C.

Notes to Financial Statements

(1) Description of Plan

The following description of the Profit Sharing and Savings Plan of Xerox Corporation and The Xerographic Division, Union of Needletrades, Industrial and Textile Employees, A.F.L. - C.I.O. - C.L.C. (Plan) provides only general information. Participants should refer to the summary plan description or plan document for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan covering substantially all domestic full and part-time Union of Needletrades, Industrial and Textile Employees, A.F.L. - C.I.O. - C.L.C. employees of Xerox Corporation (sponsor). Employees hired on or before the first working day in July are eligible to participate in the Plan immediately. Otherwise, employees are eligible to participate beginning on the next January 1.

Plan Amendment

Effective January 1, 1998, the Plan Administrator amended the provisions of the Plan pertaining to the valuation date used to value assets of the Plan. This amendment requires the Plan Trustee to value the assets held in each separate fund as of the close of business each day. The Trustee shall appraise them at their market or estimated fair value each day and reflect increases or decreases in the value of each separate fund. Previously, assets of the Plan were valued once a month.

Payments of Benefits

Upon termination of service, a participant may elect to receive either a lump sum amount equal to the value of his or her account or may purchase an annuity payable from a life insurance company. Amounts allocated to participants who have elected to withdraw from the Plan but have not been paid were \$122,742 at December 31, 1996. There were no benefits allocated from the Plan for participants at December 31, 1997.

Employee Savings Contributions

Subject to limits imposed by the Internal Revenue Code, eligible employees may contribute up to 18% of pay (as defined in the Plan) through a combination of before-tax and after-tax payroll deductions. The maximum before-tax contribution for the 1997 calendar year is \$9,500. Employees are immediately vested in their savings contributions.

Xerox Corporation matches 35% of employee savings contributions, up to a maximum match equaling 4% of annual pay. These contributions are made annually to eligible participants of record on the last day of February following the Plan year end. The 1997 contribution recorded on March 23, 1998 was \$2,210,367.

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THE PROFIT SHARING PLAN OF
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A.F.L. - C.I.O. - C.L.C.

Notes to Financial Statements, Continued

(1) Description of Plan, Continued

Xerox Optional Profit Sharing Contributions

Eligible employees may receive an optional profit sharing contribution from the sponsor. The contribution ranges from zero to 10% of pay and is based upon the return on assets (ROA)

of the Xerox Document Processing industry segment as defined in the Plan document.

An employee may receive the contribution in cash or Xerox Corporation common stock, or may elect to invest all or part of the contribution on a tax deferred basis, subject to limits imposed by the Internal Revenue Code, through the Plan's investment funds. Employees are immediately vested in optional profit sharing contributions.

During 1997, the sponsor's ROA was 18.0%, which resulted in an optional profit sharing contribution for all eligible active employees at December 31, 1997 equal to 10.0% of pay or \$21,233,886. Participants elected to invest \$4,475,389 into the Plan at December 31, 1997.

During 1996, the sponsor's ROA was 17.8%, which resulted in an optional profit sharing contribution for all eligible active employees at December 31, 1996 equal to 10.0% of pay or \$20,644,353. Participants elected to invest \$3,077,165 into the Plan at December 31, 1996.

Investment Funds

As further described in note 3, the investment funds are part of the Xerox Trust Agreement to Fund Retirement Plans (Master Trust). Employees can direct their plan accounts to one or more of the following six investment funds:

International Stock Fund - Invests primarily in stocks of companies based in economically developed countries of Europe and Asia.

U.S. Stock Fund - Invests primarily in stocks of medium to large U.S. companies.

Small Company Stock Fund - Invests primarily in stocks of smaller U.S. companies that fund managers believe have greater value than indicated by the current market price, or above average prospects for long-term growth.

Balanced Fund - Under normal market conditions, invests approximately 70% in stocks; most of the remainder in bonds; some real estate, private placements, and cash. The mix may shift with market outlook.

Income Fund - Invests in contracts with insurance companies and banks; short to intermediate duration, high quality bonds.

Xerox Stock Fund - Invests in Xerox Corporation common stock and cash for administrative purposes.

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THE PROFIT SHARING PLAN OF
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A.F.L. - C.I.O. - C.L.C.

Notes to Financial Statements, Continued

(1) Description of Plan, Continued

Segregated Assets Fund

This fund was established on April 1, 1991 and represented participant investments in certain guaranteed investment contracts which were segregated and frozen. In 1996, all remaining investments in the Segregated Assets Fund were fully recovered. See note 4 to the financial statements for further discussion.

Employee Loan Fund

Participants are permitted to borrow from their profit sharing

savings accounts subject to certain limitations. The loans are payable over terms up to 14.5 years and bear interest at the quarterly Citibank commercial prime rate in effect at the time of loan issuance plus 1%. Principal and interest payments on the loans are redeposited into the participants' accounts based on their current investment allocation elections. Loans are issued at market value. At December 31, 1997, market value on loans approximates fair value.

(2) Federal Income Taxes

The Plan obtained its latest determination letter from the Internal Revenue Service (IRS) on September 8, 1995, covering Plan amendments through December 31, 1994, indicating that the Plan, as designed, was in compliance with the applicable requirements of the Internal Revenue Code. The Plan administrator and Plan's internal tax counsel believe that the Plan, as currently designed and operated, is in compliance with the applicable requirements of the Internal Revenue Code. Accordingly, they believe that the Plan was qualified and the related trust was tax-exempt as of the financial statement date.

As long as the Plan continues to be qualified under present federal income tax laws and regulations, participants will not be taxed on company contributions or on investment earnings on such contributions at the time such contributions and investment earnings are received by the trustee, but may be subject to tax thereon at such time as they receive distributions under the Plan.

(3) Master Trust

As discussed in note 1, the Plan participates in the Master Trust. The following other Xerox employee benefit plans also participate in the Master Trust as of December 31, 1997:

Xerox Corporation Profit Sharing and Savings Plan;

Xerox Corporation Retirement Income Guarantee Plan; and

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THE PROFIT SHARING PLAN OF
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Notes to Financial Statements, Continued

(3) Master Trust, Continued

Retirement Income Guarantee Plan of Xerox Corporation and The Xerographic Division, Union of Needletrades, Industrial and Textile Employees, A.F.L. - C.I.O. - C.L.C.;

The Master Trust has six investment pools -- the International Stock Pool, U.S. Stock Pool, Small Company Stock Pool, All Other Pool, Income Fund, and the Xerox Stock Fund.

Participants direct their accounts into investment funds, as described in note 1, which participate in the aforementioned investment pools. Each of the plans has an ownership interest in one or more of these investment pools in accordance with that interest as determined by participant fund elections. For the year ended December 31, 1997, accrued administrative expenses and due from (to) other funds activity is recorded at both the Master Trust and plan level. Prior to December 31, 1997, this activity was accrued only at the plan level. In addition, prior to December 31, 1996 there was a Segregated Assets Fund which is discussed in note 4.

THE PROFIT SHARING PLAN OF
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Notes to Financial Statements, Continued

(3) Master Trust, Continued

The following financial information is presented for the Master Trust and each of the Master Trust investment pools:

Statement of Net Assets of the Master Trust as of December 31, 1997 is as follows:

Assets	International Stock Pool	U.S. Stock Pool	Small Company Stock Pool	All Other Pool
Cash (overdraft)\$	(440,317)	266,929	(369,071)	(13,039)
Receivables:				
Dividends	1,189,113	2,005,454	204,275	108,752
Interest	240,712	750,259	788,274	14,841,482
Due from				
Brokers	11,242,428	8,370,860	16,327,733	85,682,651
Other	-	584,373	-	-
Total receivables	12,672,253	11,710,946	17,320,282	100,632,885
Investments at fair value:				
At quoted market value:				
Short-term investments	44,105,848	163,877,893	229,101,207	251,836,466
Fixed income investments	4,974,135	-	-	1,254,277,494
Equity securities:				
Xerox common Stock	-	-	-	-
Other	974,400,002	2,325,093,037	729,192,598	358,595,427
At estimated fair value:				
Interest in real estate trusts	-	-	-	75,286,433
Other Investments	-	-	-	139,546,374
Investments at contract value:				
Investment contracts with insurance companies and banks	-	-	-	-
Total Investments	1,023,479,985	2,488,970,930	958,293,805	2,079,542,194
Total assets	1,035,711,921	2,500,948,805	975,245,016	2,180,162,040
Liabilities				
Due to brokers	2,046,663	2,553,077	155,485	138,660,686
Other	6,688,026	-	2,231,618	6,656,682
Net assets	\$1,026,977,232	2,498,395,728	972,857,913	2,034,844,672

Income Fund	Xerox Stock Fund	Total
(92,089)	-	(647,587)
-	1,461,318	4,968,912
8,192,303	5,242	24,818,272
13,113,477	-	134,737,149
-	7,032,593	7,616,966
21,305,780	8,499,153	172,141,299
74,439,579	432,338	763,793,331
588,632,453	-	1,847,884,082
-	337,073,565	337,073,565
2,167,893	-	4,389,448,957
-	-	75,286,433
-	-	139,546,374
278,816,783	-	278,816,783
944,056,708	337,505,903	7,831,849,525
965,270,399	346,005,056	8,003,343,237
38,229,883	-	181,645,794
139,660	-	15,715,986
926,900,856	346,005,056	7,805,981,457

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THE PROFIT SHARING PLAN OF
XEROX CORPORATION AND
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A.F.L. - C.I.O. - C.L.C.

Notes to Financial Statements, Continued

(3) Master Trust, Continued

The allocation of Master Trust net assets by investment pool as of December 31, 1997 is as follows:

International Stock Fund	U.S. Stock Fund	Small Company Stock Fund	Balanced Fund
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International Stock Pool	\$ 168,557,767	-	-	-
858,419,465				
U.S. Stock Pool	-	259,252,193	-	-
2,239,143,535				
Small Company Stock Pool	-	-	210,373,891	-
762,484,022				
All Other Pool	-	-	-	-
2,034,844,672				
Income Fund	-	-	-	-
Xerox Stock Fund	-	-	-	-
-				
Total	\$ 168,557,767	259,252,193	210,373,891	
5,894,891,694				

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Income Fund	Xerox Stock Fund	Total
-	-	1,026,977,232
-	-	2,498,395,728
-	-	972,857,913
-	-	2,034,844,672
926,900,856	-	926,900,856
-	346,005,056	346,005,056
926,900,856	346,005,056	7,805,981,457

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THE PROFIT SHARING PLAN OF
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A.F.L. - C.I.O. - C.L.C.

Notes to Financial Statements, Continued

(3) Master Trust, Continued

Net assets in the Master Trust for all participating plans as

of December 31, 1997 are as follows:

	International Stock Fund	U.S. Stock Fund	Small Company Stock Fund	Balanced Fund
Xerox Corporation Profit Sharing and Savings Plan \$	159,252,236	246,463,767	198,801,910	936,262,294
The Profit Sharing Plan of Xerox Corporation and The Xerographic Division, Union of Needletrades, Industrial and Textile Employees, A.F.L. - C.I.O. - C.L.C.*	9,305,531	12,788,426	11,571,981	65,516,491
Xerox Corporation Retirement Income Guarantee Plan	-	-	-	4,391,614,640
Retirement Income Guarantee Plan of Xerox Corporation and The Xerographic Division, Union of Needletrades, Industrial and Textile Employees, A.F.L. - C.I.O. - C.L.C.	-	-	-	501,498,269
Total	\$ 168,557,767	259,252,193	210,373,891	5,894,891,694

* The net asset balances at the master trust level do not include the optional profit sharing accrual at December 31, 1997, which is recorded at the Plan level only.

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Income Fund	Xerox Stock Fund	Total
636,138,988	317,657,942	2,494,577,137
81,207,045	28,347,114	208,736,588

183,117,495

-

4,574,732,135

26,437,328

-

527,935,597

926,900,856

346,005,056

7,805,981,457

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THE PROFIT SHARING PLAN OF
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Notes to Financial Statements, Continued

(3) Master Trust, Continued

The following financial information is presented for the Master Trust and each of the Master Trust investment pools:

Statement of Net Assets of the Master Trust as of December 31, 1996 is as follows:

Other Assets	International Stock Pool	U.S. Stock Pool	Small Company Stock Pool	All Pool
Cash (overdraft) \$	505,732	(39,735)		(399)
79,265				
Receivables:				
Dividends	1,176,755	1,921,373		271,522
227,806				
Interest	219,206	241,570		466,842
12,726,913				
Due from brokers	16,297,932	5,998,581		2,839,181
13,834,640				
Total Receivables	17,693,893	8,161,524		3,577,545
26,789,359				
Investments at fair value:				
At quoted market value:				
Short-term Investments	30,587,252	55,085,204		105,175,194
286,264,166				
Fixed income Investments	9,584,433	-		-
1,120,334,856				
Equity securities:				
Xerox common stock	-	-		-
Other	913,174,980	1,761,958,805		686,169,575
278,281,301				
At estimated fair value:				
Interests in real estate trusts	-	-		-
119,317,087				

Other investments	-	-	-
152,511,242			
Investments at contract value:			
Investment contracts with insurance companies and banks	-	-	-
Total investments	953,346,665	1,817,044,009	791,344,769
1,956,708,652			
Total assets	971,546,290	1,825,165,798	794,921,915
1,983,577,276			
Liabilities			
Due to brokers	5,247,237	4,318,387	2,815,356
39,957,068			
Net assets \$	966,299,053	1,820,847,411	792,106,559
1,943,620,208			

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Income Fund	Xerox Stock Fund	Total
3,912,873	-	4,457,736
3	1,166,031	4,763,490
7,817,415	3,570	21,475,516
-	-	38,970,334
7,817,418	1,169,601	65,209,340
69,131,134	1,025,621	547,268,571
349,887,222	-	1,479,806,511
-	212,199,630	212,199,630
3,012,359	-	3,642,597,020
-	-	119,317,087
-	-	152,511,242
580,604,526	-	580,604,526
1,002,635,241	213,225,251	6,734,304,587

1,014,365,532 214,394,852 6,803,971,663

16,658,058 608,287 69,604,393

997,707,474 213,786,565 6,734,367,270

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THE PROFIT SHARING PLAN OF
XEROX CORPORATION AND
THE XEROGRAPHIC DIVISION,
UNION OF NEEDLETRADES, INDUSTRIAL
AND TEXTILE EMPLOYEES
A.F.L. - C.I.O. - C.L.C.

Notes to Financial Statements, Continued

(3) Master Trust, Continued

The allocation of Master Trust investments by investment pool
as of December 31, 1996 is as follows:

	International Stock Fund	U.S. Stock Fund	Small Company Stock Fund	Balanced Fund
International Stock Pool \$	146,849,493	-	-	
819,449,560				
U.S. Stock Pool	-	145,682,101	-	
1,675,165,310				
Small Company Stock Pool	-	-	143,641,654	
648,464,905				
All other pool	-	-	-	
1,943,620,208				
Income fund	-	-	-	-
Xerox Stock Fund	-	-	-	-
-				
Total \$	146,849,493	145,682,101	143,641,654	
5,086,699,983				

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Income Fund	Xerox Stock Fund	Total
----------------	------------------------	-------

-	-	966,299,053
-	-	1,820,847,411
-	-	792,106,559
-	-	1,943,620,208
997,707,474	-	997,707,474
-	213,786,565	213,786,565
997,707,474	213,786,565	6,734,367,270

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THE PROFIT SHARING PLAN OF
XEROX CORPORATION AND
THE XEROGRAPHIC DIVISION,
UNION OF NEEDLETRADES, INDUSTRIAL
AND TEXTILE EMPLOYEES
A.F.L. - C.I.O. - C.L.C.

Notes to Financial Statements, Continued

(3) Master Trust, Continued

Investments in the Master Trust for all participating plans as of December 31, 1996 are as follows:

	International Stock Fund	U.S. Stock Fund	Small Company Stock Fund	Balanced Fund
Xerox Corporation Profit Sharing and Savings Plan	\$ 138,984,859	138,626,697	136,260,999	756,247,022
The Profit Sharing Plan of Xerox Corporation and The Xerographic Division, Union of Needletrades, Industrial and Textile Employees, A.F.L. - C.I.O. - C.L.C.	7,864,634	7,055,404	7,380,655	48,959,548
Xerox Corporation Retirement Income Guarantee Plan	-	-	-	3,841,835,378
Retirement Income Guarantee Plan of Xerox Corporation and The Xerographic Division, Union of Needletrades, Industrial and Textile Employees, A.F.L. - C.I.O. - C.L.C.	-	-	-	439,135,151

XDS Investment Plan	-	-	-
522,884			
Total	\$ 146,849,493	145,682,101	143,641,654
	5,086,699,983		

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Income Fund	Xerox Stock Fund	Total
685,279,435	197,703,564	2,053,102,576
84,907,703	16,083,001	172,250,945
198,560,653	-	4,040,396,031
28,959,683	-	468,094,834
-	-	522,884
997,707,474	213,786,565	6,734,367,270

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THE PROFIT SHARING PLAN OF
 XEROX CORPORATION AND
 THE XEROGRAPHIC DIVISION,
 UNION OF NEEDLETRADES, INDUSTRIAL
 AND TEXTILE EMPLOYEES
 A.F.L. - C.I.O. - C.L.C.

Notes to Financial Statements, Continued

(3) Master Trust, Continued

Statement of Changes in Net Assets of the Master Trust for the year ended December 31, 1997 is as follows:

International Stock	U.S. Stock	Small Company Stock	All
---------------------	------------	---------------------	-----

Other	Pool	Pool	Pool	Pool
Additions:				
Transfers in	\$ 22,391,471	30,110,128	27,307,613	
79,711,328				
Investment earnings:				
Interest	1,818,258	5,765,282	7,610,697	
93,313,646				
Dividends	18,529,748	29,591,528	4,125,706	
29,467,543				
Net				
Appreciation	72,183,732	592,165,194	133,629,677	
134,586,902				
Margin variation on				
futures				
contracts	(1,677,972)	925,496	2,147,052	
3,096,468				
Other	1,078,405	611,025	539,532	
9,486,365				
Total investment				
earnings	91,932,171	629,058,525	148,052,664	
269,950,924				
Total				
additions	114,323,642	659,168,653	175,360,277	
349,662,252				
Deductions:				
Administrative				
Expenses	7,379,480	4,681,594	5,394,518	
19,115,310				
Transfers out	9,718,154	10,240,200	9,108,878	
259,992,290				
Total				
deductions	17,097,634	14,921,794	14,503,396	
279,107,600				
Transfer between				
fund/pools	(36,547,829)	33,301,458	19,894,473	
20,669,812				
Net assets:				
Beginning of				
Year	966,299,053	1,820,847,411	792,106,559	
1,943,620,208				
End of year \$				
1,026,977,232	2,498,395,728	972,857,913		
2,034,844,672				

Income Fund	Xerox Stock Fund	Total
47,684,973	31,600,488	238,806,001
62,740,260	102,077	171,350,220

375,963	5,492,734	87,583,222
2,147,350	84,304,883	1,019,017,738
112,175	-	4,603,219
4,483,732	19,934	16,218,993
69,859,480	89,919,628	1,298,773,392
117,544,453	121,520,116	1,537,579,393
2,544,620	323,629	39,439,151
119,044,871	18,290,645	426,395,038
121,589,491	18,614,274	465,834,189
(66,761,580)	29,312,649	(131,017)
997,707,474	213,786,565	6,734,367,270
926,900,856	346,005,056	7,805,981,457

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THE PROFIT SHARING PLAN OF
XEROX CORPORATION AND
THE XEROGRAPHIC DIVISION,
UNION OF NEEDLETRADES, INDUSTRIAL
AND TEXTILE EMPLOYEES
A.F.L. - C.I.O. - C.L.C.

Notes to Financial Statements, Continued

(3) Master Trust, Continued

The allocation of net income from Master Trust investments, net of administrative expenses, by investment pool and fund for the year ended December 31, 1997 is as follows:

	International Stock Fund	U.S. Stock Fund	Small Company Stock Fund	Balanced Fund
International Stock Pool	\$ 14,334,915	-	-	70,217,776
U.S. Stock Pool	-	64,658,920	-	559,718,011
Small Company Stock Pool	-	-	31,104,741	111,553,405
All Other Pool	-	-	-	250,835,614
Income Fund	-	-	-	-
Xerox Stock Fund	-	-	-	-
Total	\$ 14,334,915	64,658,920	31,104,741	992,324,806

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Income Fund	Xerox Stock Fund	Total
-	-	84,552,691
-	-	624,376,931
-	-	142,658,146
-	-	250,835,614
67,314,860	-	67,314,860
-	89,595,999	89,595,999
67,314,860	89,595,999	1,259,334,241

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THE PROFIT SHARING PLAN OF
XEROX CORPORATION AND
THE XEROGRAPHIC DIVISION,
UNION OF NEEDLETRADES, INDUSTRIAL
AND TEXTILE EMPLOYEES
A.F.L. - C.I.O. - C.L.C.

Notes to Financial Statements, Continued

(3) Master Trust, Continued

Net income from Master Trust Investments, net of administrative expenses, for all participating plans for the year ended December 31, 1997 is as follows:

	International Stock Fund	U.S. Stock Fund	Small Company Stock Fund	Balanced Fund
Xerox Corporation Profit Sharing and Savings Plan	\$ 13,554,004	61,795,482	29,509,146	144,050,892
The Profit Sharing Plan of Xerox Corporation and The Xerographic Division, Union of Needletrades, Industrial and Textile Employees, A.F.L. - C.I.O. - C.L.C.	780,911	2,863,438	1,595,595	10,664,884
Xerox Corporation Retirement Income Guarantee Plan	-	-	-	751,651,169
Retirement Income Guarantee Plan of Xerox Corporation and The Xerographic				

Division, Union of Needletrades, Industrial and Textile Employees, A.F.L. - C.I.O. - C.L.C.	-	-	-	85,957,861
Total	\$ 14,334,915	64,658,920	31,104,741	992,324,806

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Income Fund	Xerox Stock Fund	Total
46,329,389	82,563,649	377,802,562
5,678,877	7,032,350	28,616,055
13,397,824	-	765,048,993
1,908,770	-	87,866,631
67,314,860	89,595,999	1,259,334,241

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THE PROFIT SHARING PLAN OF
XEROX CORPORATION AND
THE XEROGRAPHIC DIVISION,
UNION OF NEEDLETRADES, INDUSTRIAL
AND TEXTILE EMPLOYEES
A.F.L. - C.I.O. - C.L.C.

Notes to Financial Statements, Continued

(3) Master Trust, Continued

Statement of Changes in Net Assets of the Master Trust for the
year ended December 31, 1996 is as follows:

Small

	International Stock Pool	U.S. Stock Pool	Company Stock Pool	All Other Pool
Additions:				
Transfers in \$	17,970,853	23,688,458	18,160,218	
	161,002,215			
Investment earnings:				
Interest	1,849,864	7,457,727	5,679,022	
	79,669,309			
Dividends	11,016,178	62,560,466	3,265,515	
	26,621,520			
Net appreciation				
(depreciation)	174,079,634	206,545,174	149,114,478	
	185,387,318			
Margin variation on				
futures				
contracts	(54,411)	16,271,835	8,279,360	
(588,118)				
Other	552,365	101,265	254,250	
	2,267,517			
Total investment				
Earnings	187,443,630	292,936,467	166,592,625	
	293,357,546			
Total additions				
	205,414,483	316,624,925	184,752,843	
	454,359,761			
Deductions:				
Administrative				
Expenses	6,365,164	2,184,620	3,132,546	
	13,641,792			
Transfers out	7,506,744	6,729,045	6,077,292	
	325,510,912			
Total deductions				
	13,871,908	8,913,665	9,209,838	
	339,152,704			
Transfers between				
fund/pools	(2,519,923)	153,282,377	27,894,150	
	(118,573,853)			
Net assets:				
Beginning of				
year	777,276,401	1,359,853,774	588,669,404	
	1,946,987,004			
End of year \$				
	966,299,053	1,820,847,411	792,106,559	
	1,943,620,208			

Income Fund	Xerox Stock Fund	Segregated Assets Fund (see note 4)	Total
60,018,213	25,611,224	-	306,451,181
70,300,811	57,074	1,615,842	166,629,649
3	4,326,332	-	107,790,014

(5,232,588)	27,564,968	-	737,458,984
(169,870)	-	-	23,738,796
92,595	10,768	-	3,278,760
64,990,951	31,959,142	1,615,842	1,038,896,203
125,009,164	57,570,366	1,615,842	1,345,347,384
2,095,064	144,976	-	27,564,162
139,266,050	11,772,766	-	496,862,809
141,361,114	11,917,742	-	524,426,971
(84,274,169)	27,076,309	(2,884,891)	-
1,098,333,593	141,057,632	1,269,049	5,913,446,857
997,707,474	213,786,565	-	6,734,367,270

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THE PROFIT SHARING PLAN OF
XEROX CORPORATION AND
THE XEROGRAPHIC DIVISION,
UNION OF NEEDLETRADES, INDUSTRIAL
AND TEXTILE EMPLOYEES
A.F.L. - C.I.O. - C.L.C.

Notes to Financial Statements, Continued

(3) Master Trust, Continued

The allocation of net income from Master Trust investments, net of administrative expenses, by investment pool and fund for the year ended December 31, 1996 is as follows:

	International Stock Fund	U.S. Stock Fund	Small Company Stock Fund	Balanced Fund
International Stock Pool	\$ 24,023,484	-	-	157,054,982
U.S. Stock Pool	-	23,621,893	-	267,129,954
Small Company Stock Pool	-	-	25,610,108	137,849,971
All Other Pool	-	-	-	279,715,754
Income Fund	-	-	-	-
Xerox Stock Fund	-	-	-	-
Total	\$ 24,023,484	23,621,893	25,610,108	841,750,661

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Income Fund	Xerox Stock Fund	Segregated Asset Fund	Total
-	-	-	181,078,466
-	-	-	290,751,847
-	-	-	163,460,079
-	-	-	279,715,754
62,895,887	-	1,615,842	64,511,729
-	31,814,166	-	31,814,166
62,895,887	31,814,166	1,615,842	1,011,332,041

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THE PROFIT SHARING PLAN OF
XEROX CORPORATION AND
THE XEROGRAPHIC DIVISION,
UNION OF NEEDLETRADES, INDUSTRIAL
AND TEXTILE EMPLOYEES
A.F.L. - C.I.O. - C.L.C.

Notes to Financial Statements, Continued

(3) Master Trust, Continued

Net income from Master Trust Investments, net of administrative expenses, for all participating plans for the year ended December 31, 1996 is as follows:

	International Stock Fund	U.S. Stock Fund	Small Company Stock Fund	Balanced Fund
Xerox Corporation Profit Sharing and Savings Plan	\$ 22,791,824	22,532,976	24,394,588	
123,085,243				
The Profit Sharing Plan of Xerox Corporation and The Xerographic Division, Union of Needletrades, Industrial and Textile Employees, A.F.L. - C.I.O. - C.L.C.*	1,231,660	1,088,917	1,215,520	
7,863,559				
Xerox Corporation Retirement Income Guarantee Plan	-	-	-	
637,283,175				
Retirement Income Guarantee Plan of Xerox Corporation and The Xerographic Division, Union of Needletrades, Industrial and Textile Employees, A.F.L. - C.I.O. - C.L.C.	-	-	-	
73,427,145				
XDS Investment Plan	-	-	-	

91,539

Total \$ 24,023,484 23,621,893 25,610,108
841,750,661

* The above allocation of investment results, net of administrative expenses, is at the Master Trust level. This allocation differs from the amounts reported in the statement of changes in net assets available for plan benefits due to the impact of investment manager expenses accrued at the Plan level.

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Income Fund	Xerox Stock Fund	Segregated Asset Fund	Total
43,834,849	29,708,452	1,124,757	
267,472,689			
5,157,271	2,105,714	135,231	
18,797,872			
12,226,058	-	330,112	
649,839,345			
1,677,709	-	25,742	
75,130,596			
-	-	-	
91,539			
62,895,887	31,814,166	1,615,842	
1,011,332,041			

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THE PROFIT SHARING PLAN OF
XEROX CORPORATION AND
THE XEROGRAPHIC DIVISION,
UNION OF NEEDLETRADES, INDUSTRIAL
AND TEXTILE EMPLOYEES

Notes to Financial Statements, Continued

(3) Master Trust, Continued

The Joint Administrative Board (JAB) is responsible for establishing investment guidelines, reviewing the investment decisions and reviewing investment results. The JAB consists at present of three Xerox Corporation representatives and five union representatives.

Marketable securities are valued at the last reported sales price on the last business day of the year. Quotations are obtained from national securities exchanges or, in instances where securities are not listed on any of the exchanges, quotations are obtained from brokerage firms.

Non-readily marketable investments, which include private placements, are carried at fair value, based on the cost of the investments, developments concerning the portfolio of investments of the private placements, and such other factors as the managing general partners of these investments consider relevant. The valuations do not necessarily represent amounts which might ultimately be realized from the investments.

The value of the investment contracts with insurance companies and banks is at contract value, which approximates fair value. In connection with the investment contracts, all of which are fully benefit-responsive, the following information is presented:

(i) The average investment yields for the years ended December 31, 1997 and 1996 were 6.8% and 7.3%, respectively.

(ii) The crediting interest rates at December 31, 1997 and 1996 ranged from 4.4% to 9.3%.

(iii) The fair value, as determined by discounting estimated future cash flows for traditional GIC's, and the market value of the underlying investments and the associated wrapper for synthetic GIC's at December 31, 1997 and 1996 was \$274,344,245 and \$588,280,797, respectively. Contract values were \$278,816,783 and \$584,047,966 at December 31, 1997 and 1996, respectively.

The Master Trust invests in real estate group trusts. These trusts provide pension and profit sharing plans with a medium for pooling their funds for investment in income producing real estate. The investment trusts value real estate holdings at estimated market value based upon independent appraisals, consideration of significant changes in economic circumstances, and capital additions made to properties after the appraisal date. Such market value estimates necessarily involve subjective judgments. Accordingly, the actual market price of the real estate can only be determined by negotiation between independent third parties in a sales transaction.

Purchases and sales of securities are recorded on a trade date basis. Dividend income is recorded on the ex-dividend date. Interest income is recorded as earned. Margin variation represents market fluctuations on futures investments.

Derivative financial instruments are used by the Master Trust's equity and balanced portfolio investment managers primarily to rebalance the fixed income/equity allocation of the Master Trust's portfolio and to hedge the currency risk component of the Master Trust's foreign investments. Certain of the Master Trust's fixed income investment managers are permitted to use certain specified types of derivative instruments as part of their respective strategies. These strategies include the use of futures and options as substitutes for certain types of fixed income securities. Leveraging of the Master Trust's assets and speculation are prohibited. Currency hedge positions are not permitted to exceed the level of exposure in the related Master Trust's assets.

The derivatives most commonly used by the investment managers are highly liquid exchange traded equity and fixed income futures and over-the-counter foreign exchange forward contracts. The use of derivative instruments is not believed to materially increase the credit or market risk of the Master Trust's investment.

The net appreciation (depreciation) of investments for the year ended December 31, 1997 is as follows:

	International	U.S. Stock	Small Company	All	Income		
Xerox Stock Fund	Stock Pool Total	Pool	Stock Pool	Other Pool	Fund		
Investments at quoted market value:							
Short-term and fixed income investments \$	(2,172,765)	-	-	38,187,490	2,147,350	-	38,162,075
Xerox common Stock	-	-	-	-	-	84,304,883	84,304,883
Other equity Investments	74,356,497	592,165,194	133,629,677	75,517,407	-	-	875,668,775
Investments at estimated fair value:							
Interest in real estate trusts	-	-	-	(8,319,810)	-	-	(8,319,810)
Other investments	-	-	-	29,201,815	-	-	29,201,815
Total \$	72,183,732	592,165,194	133,629,677	134,586,902	2,147,350	84,304,883	1,019,017,738

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THE PROFIT SHARING PLAN OF
XEROX CORPORATION AND
THE XEROGRAPHIC DIVISION,
UNION OF NEEDLETRADES, INDUSTRIAL
AND TEXTILE EMPLOYEES
A.F.L. - C.I.O. - C.L.C.

Notes to Financial Statements, Continued

(3) Master Trust, Continued

The net appreciation (depreciation) of investments for the year ended December 31, 1996 is as follows:

	International	U.S. Stock	Small Company	All Other	Income		
Xerox Stock Fund	Stock Pool Total	Pool	Stock Pool	Pool	Fund		
Investments at quoted market value:							
Short-term and fixed income investments	\$ (1,209,445)	24,423	-	30,370,038	(5,232,588)	-	23,952,428
Xerox common Stock	-	-	-	-	-	27,564,968	27,564,968
Other equity Investments	175,289,079	206,520,751	149,114,478	92,988,950	-	-	623,913,258
Investments at estimated fair value:							
Interest in real estate trusts	-	-	-	869,897	-	-	869,897
Other investments	-	-	-	61,158,433	-	-	61,158,433
Total	\$ 174,079,634	206,545,174	149,114,478	185,387,318	(5,232,588)	27,564,968	737,458,984

There are no investments in the Plan that represents 5% or more of Master Trust net assets.

Other investments consist primarily of private placement limited partnerships.

(4) Segregated Assets Fund - Investment Contracts with Executive Life Insurance Company

On April 11, 1991, the California Department of Insurance (CDI) took over Executive Life Insurance Company (ELIC) citing a "serious danger of insolvency" and temporarily suspended all payments on Guaranteed Investment Contracts (GICs) issued by ELIC. Effective April 1, 1991, in order to treat all participants fairly, \$66 million in affected assets were transferred into a Segregated Assets Fund.

Through December 31, 1996, the Xerox retirement and savings plans have received \$67.6 million in payments related to the ELIC investments. These payments represent the recovery of 100% of each participant's original investment plus \$1.6 million in interest. Should Xerox receive additional payments from ELIC for unrecognized interest income associated with the original GIC's, the proceeds will be allocated to those participants originally invested in ELIC based upon their percent interest on April 11, 1991. All future proceeds will be recorded through the income fund and transferred to other funds based on a participant's allocation elections at the time of receipt.

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THE PROFIT SHARING PLAN OF
XEROX CORPORATION AND
THE XEROGRAPHIC DIVISION,
UNION OF NEEDLETRADES, INDUSTRIAL
AND TEXTILE EMPLOYEES
A.F.L. - C.I.O. - C.L.C.

Notes to Financial Statements, Continued

(5) Unit Values

The interests of Plan participants in each of the funds is expressed in terms of units, representing undivided interests in the net assets of the fund. Unit value is calculated monthly by dividing the total value of net assets of each fund (reduced by employer contributions receivable not yet received by the Master Trust, by unaccrued benefit payments and other

reconciling items) by units outstanding at the valuation date. At December 31, 1997, all accrued administrative expenses and interfund activity is recorded at both the Master Trust and plan levels. The total number of units and net asset value per unit outstanding during the year ended December 31, 1997 was as follows:

	International Fund	U.S. Stock Fund	Small Company Fund
	Units Outstanding	Unit Value	Units Outstanding
January 31	5,239,115	\$1.543425	4,406,217
February 28	5,341,029	1.562208	4,497,210
March 31	5,888,573	1.575980	5,116,762
April 30	5,976,454	1.588181	5,196,816
May 31	6,116,208	1.659004	5,232,405
June 30	6,240,107	1.730076	5,317,968
July 31	6,384,349	1.782436	5,507,272
August 31	6,350,969	1.672465	5,519,315
September 30	6,398,872	1.792312	5,648,647
October 31	6,404,805	1.648348	5,762,266
November 30	6,170,905	1.642708	5,915,669
December 31	5,545,281	1.678099	5,860,645

	Balanced Fund	Income Fund	Xerox Stock Fund
	Units Outstanding	Unit Value	Units Outstanding
January 31	3,634,981	\$13.978013	13,168,371
February 28	3,658,895	14.012611	13,032,286
March 31	3,879,230	13.655406	12,792,540
April 30	3,911,827	14.002261	12,684,713
May 31	3,917,352	14.697693	12,669,561
June 30	3,960,669	15.241481	12,478,600
July 31	3,999,184	16.038329	12,426,027
August 31	3,998,824	15.663793	12,261,985
September 30	4,013,888	16.426774	12,115,934
October 31	4,029,870	16.027899	11,891,043
November 30	4,033,987	16.190160	11,679,523
December 31	4,000,763	16.375997	11,715,189

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THE PROFIT SHARING PLAN OF
XEROX CORPORATION AND
THE XEROGRAPHIC DIVISION,
UNION OF NEEDLETRADES, INDUSTRIAL
AND TEXTILE EMPLOYEES
A.F.L. - C.I.O. - C.L.C.

Notes to Financial Statements, Continued

(5) Unit Values, Continued

The total number of units and net assets value per unit outstanding during the year ended December 31, 1996 was as follows:

	International Fund	U.S. Stock Fund	Small Company Fund
	Units Outstanding	Unit Value	Units Outstanding
January 31	3,334,551	\$1.298843	2,607,160
February 29	3,419,705	1.311633	2,843,695
March 31	3,593,568	1.351739	3,327,284
April 30	3,902,332	1.387228	3,808,249
May 31	4,305,499	1.395861	3,918,755
June 30	4,540,941	1.411045	3,997,087
July 31	4,709,658	1.352980	4,100,890
August 31	4,760,960	1.383398	4,090,626
September 30	4,713,973	1.427807	4,139,591
October 31	5,076,899	1.443572	4,150,550
November 30	5,189,617	1.518698	4,190,843
December 31	5,093,127	1.542035	4,318,074

Balanced Fund Income Fund Xerox Stock Fund

	Units Outstanding	Unit Value	Units Outstanding	Unit Value	Units Outstanding	Unit Value
January 31	3,408,036	\$11.594012	15,254,214	\$6.131268	1,576,864	\$5.289206
February 29	3,397,928	11.698504	14,836,899	6.149365	1,800,655	5.597323
March 31	3,436,271	11.902984	14,416,534	6.168735	1,809,693	5.383233
April 30	3,552,393	12.138867	14,294,019	6.193430	1,833,208	6.293252
May 31	3,600,918	12.333157	14,020,252	6.222871	1,851,268	6.767969
June 30	3,614,207	12.360292	13,740,468	6.262955	1,993,288	6.941962
July 31	3,630,066	11.918603	13,594,380	6.295800	2,075,992	6.539139
August 31	3,636,415	12.212231	13,554,689	6.330015	2,130,580	7.120918
September 30	3,598,317	12.747171	13,422,642	6.375039	2,238,745	7.001655
October 31	3,583,903	12.938311	13,408,169	6.425139	2,247,888	6.053273
November 30	3,596,567	13.604205	13,273,695	6.464303	2,298,425	6.388306
December 31	3,589,255	13.614407	13,077,944	6.487638	2,330,563	6.899738

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THE PROFIT SHARING PLAN OF
XEROX CORPORATION AND
THE XEROGRAPHIC DIVISION,
UNION OF NEEDLETRADES, INDUSTRIAL
AND TEXTILE EMPLOYEES
A.F.L. - C.I.O. - C.L.C.

Notes to Financial Statements, Continued

(6) Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for plan benefits per the financial statements to the Form 5500:

	December 31, 1997	1996
Net assets available for plan benefits as reported in the Plan financial statements	\$ 225,995,783	186,623,132
Benefit claims payable reported on line 31g of Form 5500	-	(122,742)
Net assets available for plan benefits as reported in the Plan Form 5500	\$ 225,995,783	186,500,390

The following is a reconciliation of benefits paid per the financial statements to the Form 5500:

	December 31, 1997	1996
Benefits paid to participants as reported in the Plan financial statements	\$ 10,052,235	17,551,178
Add: Amounts allocated to withdrawing participants at December 31	-	122,742
Less: Amounts allocated to withdrawing participants at December 31, 1996 and 1995, respectively	(122,742)	1,875,933)
Benefits paid to participants as reported in the Form 5500	\$ 9,929,493	15,797,987

Amounts allocated to withdrawing participants are recorded on the Form 5500 for benefit claims that have been processed and approved for payment prior to December 31, but not yet paid as

of that date.

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THE PROFIT SHARING PLAN OF
XEROX CORPORATION AND
THE XEROGRAPHIC DIVISION,
UNION OF NEEDLETRADES, INDUSTRIAL
AND TEXTILE EMPLOYEES
A.F.L. - C.I.O. - C.L.C.

Notes to Financial Statements, Continued

(7) Stock Split

In May 1996, the shareholders of the plan sponsor approved a three-for-one stock split of the Company's common stock. The stock split does not impact the value of participants' interest in the Xerox Stock Fund.

Schedule 1

THE PROFIT SHARING PLAN OF
XEROX CORPORATION AND
THE XEROGRAPHIC DIVISION,
UNION OF NEEDLETRADES, INDUSTRIAL
AND TEXTILE EMPLOYEES
A.F.L. - C.I.O. - C.L.C.

Line 27a - Schedule of Assets Held for Investment Purposes

December 31, 1997

Identity of issuer, borrower, lessor or similar party	Description of investment including maturity date, rate of interest, collateral, par or maturity value	Cost	Current Value
Investment in Master Trust	(1)	\$172,619,873	
		\$209,330,356	
* Investment in Participant Loans Receivable	Loans to Plan participants, maturity dates through 5/31/11, interest rates from 8.0% to 11.5% per annum	-	
			\$12,783,806

* Party-in-interest

(1) See note 3.

The Plan Administrator and Participants
The Profit Sharing Plan of Xerox Corporation and
The Xerographic Division, Union of Needletrades,
Industrial and Textile Employees,
A.F.L. - C.I.O. - C.L.C.:

We have audited the accompanying statements of net assets available for plan benefits of The Profit Sharing Plan of Xerox Corporation and The Xerographic Division, Union of Needletrades, Industrial and Textile Employees, A.F.L. - C.I.O. - C.L.C. (Plan) as of December 31, 1997 and 1996, and the related statements of changes in net assets available for plan benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Plan as of December 31, 1997 and 1996, and the changes in net assets available for plan benefits for the years then ended in conformity with generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets held for investment purposes is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan's management. The fund information in the statements of net assets available for plan benefits and the statements of changes in net assets available for plan benefits is presented for purposes of additional analysis rather than to present the net assets available for plan benefits and changes in the net assets available for plan benefits of each fund. The supplemental schedule and fund information have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

April 30, 1998

EXHIBIT INDEX

Exhibit	Electronic Submission Document
(b)(1) Accountants' Consent	2

Accountants' Consent

The Board of Directors
Xerox Corporation:

We consent to incorporation by reference in the Registration Statements (No. 2-86275 and No. 333-22037) on Form S-8 of Xerox Corporation of our report dated April 30, 1998, relating to the statements of net assets available for plan benefits of The Profit Sharing Plan of Xerox Corporation and The Xerographic Division, Union of Needletrades, Industrial and Textile Employees, A.F.L. - C.I.O. - C.L.C. as of December 31, 1997 and 1996, and the related statements of changes in net assets available for plan benefits for the years then ended and related schedule, which report appears in the December 31, 1997 Annual Report on Form 11-K of The Profit Sharing Plan of Xerox Corporation and The Xerographic Division, Union of Needletrades, Industrial and Textile Employees, A.F.L. - C.I.O. - C.L.C.

Rochester, New York
June 29, 1998