

FORM 10-Q/A
Amendment No. 1

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(Mark One)

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

For the quarterly period ended: June 30, 1998

OR

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

For the transition period from _____ to _____

Commission File Number 1-4471

XEROX CORPORATION
(Exact Name of Registrant as
specified in its charter)

New York 16-0468020

(State or other jurisdiction (IRS Employer Identification No.)
of incorporation or organization)

P.O. Box 1600
Stamford, Connecticut 06904-1600
(Address of principal executive offices)
(Zip Code)

(203) 968-3000
(Registrant's telephone number, including area code)

This document consists of 4 pages.

PART I - FINANCIAL INFORMATION
Item 1

Xerox Corporation
Notes to Consolidated Financial Statements

8. Summarized operating results of Insurance follow (in millions):

	Three months ended		Six months ended	
	June 30,		June 30,	
	1998	1997	1998	1997
Revenues				
Insurance premiums earned	\$ 224	\$ 381	\$ 455	\$ 805
Investment and other income	51	112	100	223
Total Revenues	275	493	555	1,028
Costs and Expenses				
Insurance losses and loss expenses	195	556	391	921
Insurance acquisition costs and other operating expenses	88	129	183	277
Interest expense	27	49	53	98
Administrative and general expenses	4	(2)	8	30
Total Costs and Expenses	314	732	635	1,326
Realized Capital Gains	2	1	5	7
Income (Loss) Before Income Taxes	(37)	(238)	(75)	(291)
Income Tax Benefits	27	85	41	106
Income (Loss) From Insurance *	\$ (10)	\$ (153)	\$ (34)	\$ (185)

* The above operating results exclude the gains and losses related to sales of the Insurance subsidiaries and the \$190 million after-tax write-off taken in the first quarter of 1998. The loss from Insurance operations as set forth above and the sale-related impacts (excluding the \$190 million after-tax write-off), were charged to reserves established for this purpose and, therefore, did not impact our earnings.

The net assets at June 30, 1998 and December 31, 1997 of the Insurance businesses included in our consolidated balance sheets as discontinued operations are as follows (in millions):

	June 30, 1998	December 31, 1997
Insurance Assets		
Investments	\$ 3,520	\$ 4,597
Reinsurance recoverable	847	1,459
Premiums and other receivables	562	592
Deferred taxes and other assets	896	1,082
Total Insurance assets	\$ 5,825	\$ 7,730
Insurance Liabilities		
Unpaid losses and loss expenses	\$ 3,578	\$ 4,999
Unearned income	421	541
Notes payable	115	250
Other liabilities	837	864
Total Insurance liabilities	\$ 4,951	\$ 6,654
Investment in Insurance, net	\$ 874	\$ 1,076

On August 13, 1998, we closed on the previously announced sale of Crum & Forster Holdings, Inc. (CFI) to Fairfax Financial Holdings Limited of Toronto for \$680 million, including the repayment of \$115 million in debt. We incurred approximately \$75 million in transaction-related costs.

With the completion of the CFI transaction, we have effectively completed our exit from insurance and financial services. A write-off of \$190 million after-tax was recorded in the first quarter of 1998.

SIGNATURES

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

XEROX CORPORATION
(Registrant)

/s/ George R. Roth

Date: August 14, 1998

By George R. Roth
Assistant Treasurer