

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: November 30, 1996

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:

XEROX CORPORATION PROFIT SHARING AND SAVINGS PLAN

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

SIGNATURES

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.

XEROX CORPORATION PROFIT SHARING AND SAVINGS PLAN

Patricia M. Nazemetz
Plan Administrator

Stamford, Connecticut
Dated May 27, 1997

XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN

Financial Statements and Schedule

November 30, 1996 and 1995

(With Independent Auditors' Report Thereon)

XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN

Statement of Net Assets Available for Plan Benefits
with Fund Information
November 30, 1996

Fund Information

	Fund Information							Total
	International Stock Fund	U.S Stock Fund	Company Stock Fund	Small Balanced Fund	Income Fund	Xerox Stock Fund	Employee Loan Fund	
Assets:								
Participant notes receivable	\$ -	-	-	-	-	-	59,201,070	59,201,070
Investment in Master Trust	136,379,184	138,676,389	131,146,618	757,250,020	693,889,121	179,548,012	-	2,036,889,344
Total assets	136,379,184	138,676,389	131,146,618	757,250,020	693,889,121	179,548,012	59,201,070	2,096,090,414
Liabilities:								
Accrued expenses and other liabilities	149,535	40,466	91,219	313,420	165,625	43,108	-	803,373
Due from (to) other funds	444,179	1,794,007	2,135,881	(1,319,578)	(8,100,444)	2,869,821	2,176,134	-
Net assets available for plan benefits	\$136,673,828	140,429,930	133,191,280	755,617,022	685,623,052	182,374,725	61,377,204	2,095,287,041

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

XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN

Statement of Net Assets Available for Plan Benefits
with Fund Information

November 30, 1995

Fund Information

	International Stock Fund	U.S. Stock Fund	Company Stock Fund	Small Balanced Fund	Income Fund	Xerox Stock Fund	Segregated Assets Fund	Employee Loan Fund	Total (see note 4)
Assets:									
Participant notes receivable	\$ -	-	-	-	-	-	-	55,089,047	
Investment in Master Trust	73,612,588	75,230,057	71,105,345	584,912,455	767,283,041	130,445,603	864,596	-	
Total assets	73,612,588	75,230,057	71,105,345	584,912,455	767,283,041	130,445,603	864,596	55,089,047	
Liabilities:									
Accrued expenses and other liabilities	(9,514)	55,601	29,473	474,491	112,074	38,576	-	-	
Due from (to) other funds	91,727	2,807,519	2,213,068	3,637,060	(11,184,917)	1,352,939	-	1,082,604	-
Net assets available for plan benefits	\$73,713,829	77,981,975	73,288,940	588,075,024	755,986,050	131,759,966	864,596	56,171,651	

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

XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN
Statement of Changes in Net Assets Available for Plan Benefits
with Fund Information

Year ended November 30, 1996

Fund Information

	International Stock Fund	U.S Stock Fund	Company Stock Fund	Small Balanced Fund	Income Fund	Xerox Stock Fund	Segregated Assets Fund	Employee Loan Fund (see note 4)	Total
Contributions:									
Employer	\$ 5,143,474	7,362,449	4,699,323	21,696,033	11,356,376	7,829,947	-	-	
58,087,602									
Employees'									
- - voluntary	9,362,123	12,440,492	10,185,690	36,787,660	28,677,256	12,365,247	-	-	
109,818,468									
Total									
contributions	14,505,597	19,802,941	14,885,013	58,483,693	40,033,632	20,195,194	-	-	
167,906,070									
Net income from									
Master Trust									
investments, net									
of administrative									
expenses	23,593,622	27,001,873	22,455,809	136,258,719	46,256,022	15,057,165	1,124,757	-	
271,747,967									
Interest income on									
participant notes									
receivable	-	-	-	-	-	-	-	4,497,685	
4,497,685									
	38,099,219	46,804,814	37,340,822	194,742,412	86,289,654	35,252,359	1,124,757	4,497,685	
444,151,722									
Benefit									
payments	(4,847,948)	(4,391,021)	(3,963,761)	(32,199,107)	(54,862,143)	(6,442,732)	-	-	
(106,706,712)									
Transfers among									
funds	29,708,728	20,034,162	26,525,279	4,998,693	(101,790,509)	21,805,132	(1,989,353)	707,868	-
Net increase (decrease)									
in net assets									
available for									
plan benefits	62,959,999	62,447,955	59,902,340	167,541,998	(70,362,998)	50,614,759	(864,596)	5,205,553	
337,445,010									
Net assets available									
for plan benefits:									
Beginning of									
year	73,713,829	77,981,975	73,288,940	588,075,024	755,986,050	131,759,966	864,596	56,171,651	
1,757,842,031									
End of year	\$136,673,828	140,429,930	133,191,280	755,617,022	685,623,052	182,374,725	-	61,377,204	
2,095,287,041									

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

XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN

Statement of Changes in Net Assets Available for Plan Benefits
with Fund Information
Year ended November 30, 1995

Fund Information

	International Stock Fund	U.S. Stock Fund	Company Stock Fund	Small Balanced Fund	Income Fund	Xerox Stock Fund	Segregated Assets Fund	Employee Loan Fund	Total (see note 4)
Contributions:									
Employer	\$ 1,509,983	1,387,801	1,569,077	19,239,174	19,063,717	4,681,935	-	-	47,451,687
Employees'									
- - voluntary	7,537,090	7,455,412	6,676,232	36,759,920	39,766,636	9,394,117	-	-	107,589,407
Total contributions	9,047,073	8,843,213	8,245,309	55,999,094	58,830,353	14,076,052	-	-	155,041,094
Net income from Master Trust investments, net of administrative expenses									
	6,053,116	14,407,844	11,494,148	102,880,430	56,404,076	38,105,232	-	-	229,344,846
Interest income on participant notes receivable									
	-	-	-	-	-	-	-	3,935,432	3,935,432
	15,100,189	23,251,057	19,739,457	158,879,524	115,234,429	52,181,284	-	3,935,432	388,321,372
Benefit payments									
	(3,424,903)	(2,689,180)	(2,472,416)	(38,658,781)	(72,667,579)	(6,540,282)	-	-	(126,453,141)
Transfers among funds									
	(3,405,533)	20,348,762	17,133,524	(8,963,445)	(5,709,720)	2,394,412	(18,030,356)	(3,767,644)	-
Transfer from AMTX, Inc.									
	-	-	-	-	337,197	-	-	-	337,197
Transfer to Xerox Corporation Retirement Income Guarantee Plan									
	-	-	-	-	-	-	(77,038)	-	(77,038)
Net increase (decrease) in net assets available for plan benefits									
	8,269,753	40,910,639	34,400,565	111,257,298	37,194,327	48,035,414	(18,107,394)	167,788	262,128,390
Net assets available for plan benefits:									
Beginning of year									
	65,444,076	37,071,336	38,888,375	476,817,726	718,791,723	83,724,552	18,971,990	56,003,863	1,495,713,641
End of year									
	\$73,713,829	77,981,975	73,288,940	588,075,024	755,986,050	131,759,966	864,596	56,171,651	1,757,842,031

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

XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN
Notes to Financial Statements
November 30, 1996 and 1995

(1) Description of Plan

The following description of the Xerox Corporation Profit Sharing and Savings Plan (Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan covering substantially all full and part-time U.S. employees of Xerox Corporation (sponsor) and participating subsidiaries, except those covered by a collective bargaining agreement unless that agreement calls for participation in the Plan. Employees are automatically eligible to participate in the Plan after completing one year of service.

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 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 are \$2,077,252 and \$3,525,402 at November 30, 1996 and 1995, respectively.

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 combination of before-tax and after-tax payroll deductions. (The maximum before-tax contribution for the 1996 calendar year is \$9,500.) Employees are immediately vested in their savings contributions.

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. ROA is determined as of the sponsor's calendar year-end, which differs from the November 30 plan year-end.

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.

XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN
Notes to Financial Statements

(1) Description of Plan (continued)

For the calendar year ended December 31, 1996, the Sponsor's ROA was 17.8% which will result in an optional profit sharing contribution for the plan year ending November 30, 1996 for all eligible active employees at December 31, 1996 equal to 10% of pay or \$217,033,647. Participants elected to invest \$60,288,722 into the Plan which will be recorded as an employer contribution in the Plan's financial statements for the plan year ended November 30, 1997.

For the calendar year ended December 31, 1995, the Sponsor's ROA was 18.5%, which resulted in an optional profit sharing contribution for the plan year ending November 30, 1995 for all eligible active employees at December 31, 1995 equal to 10% of pay or \$230,473,696. Participants elected to invest \$58,087,602 into the Plan which is recorded as an employer contribution in the Plan's financial statements for the plan year ended November 30, 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 outside of the U.S.

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 some cash for administrative purposes.

Segregated Assets Fund

This fund was established on April 1, 1991 and represents participant investments in certain guaranteed investment contracts which are segregated and frozen. See note 4 to the financial statements for further discussion.

XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN
Notes to Financial Statements

(1) Description of Plan (continued)

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 November 30, 1996, 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 18, 1995, covering Plan amendments through January 31, 1995, indicating that the Plan, as designed, was in compliance with the applicable requirements of the Internal Revenue Code. The Plan administrator and the 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 under the Plan, 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 November 30, 1996:

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.

Xerox Corporation Retirement Income Guarantee Plan;

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.; and

XDS Investment Plan.

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 are formed from 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. In addition, prior to December 31, 1996 there was a Segregated Assets Fund which is discussed in note 4.

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

XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN

Notes to Financial Statements

(3) Master Trust (continued)

Statement of Net Assets of the Master Trust as of November 30, 1996:

	International Stock Pool	U.S Stock Pool	Company Stock Pool	Small All Other Pool	Income Fund	Xerox Stock Fund	Total	
Assets								
Cash	\$ 108,596		-	-	1,971,597	1,957,053	-	4,037,246
Receivables:								
Dividends	1,252,417	2,520,631	152,707	211,754	3	-	4,137,512	
Interest	215,445	404,275	554,161	13,108,361	7,705,579	4,289	21,992,110	
Due from brokers	2,885,545	2,317,272	10,209,426	10,051,565	12,257,266	-	37,721,074	
Total receivables	4,353,407	5,242,178	10,916,294	23,371,680	19,962,848	4,289	63,850,696	
Investments								
at quoted fair value:								
At market value:								
Short-term investments	37,876,365	52,717,245	119,000,779	296,394,084	68,075,236	1,752,922	575,816,631	
Fixed income investments	12,263,211	-	-	1,140,116,818	308,267,495	-	1,460,647,524	
Equity securities:								
Xerox common stock	-	-	-	-	-	197,019,053	197,019,053	
Other	898,144,054	1,798,935,366	652,074,653	267,795,216	927	-	3,616,950,216	
Investments at contract value:								
Investment contracts with insurance companies and banks	-	-	-	-	634,202,724	-	634,202,724	
At estimated fair value:								
Interest in real estate trusts	-	-	-	120,074,113	-	-	120,074,113	
Other investments	-	-	-	141,816,200	-	-	141,816,200	
Total investments								
	948,283,630	1,851,652,611	771,075,432	1,966,196,431	1,010,546,382	198,771,975	6,746,526,461	
Total assets								
	952,745,633	1,856,894,789	781,991,726	1,991,539,708	1,032,466,283	198,776,264	6,814,414,403	
Liabilities								
Cash overdraft	-	639	-	-	-	-	639	
Due to brokers	750,632	4,381,597	7,166,878	34,232,374	20,685,156	4,596,115	71,812,752	
Net assets								
	\$951,995,001	1,852,512,553	774,824,848	1,957,307,334	1,011,781,127	194,180,149	6,742,601,012	

XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN

Notes to Financial Statements

(3) Master Trust (continued)

The allocation of Master Trust investments by investment pool and fund as of November 30, 1996 is as follows:

	International Stock Fund	U.S. Stock Fund	Small Company Stock Fund	Balanced Fund	Income Fund	Xerox Stock Fund	Total
International Stock Pool	\$ 144,212,119	-	-	807,782,882	-	-	951,995,001
U.S. Stock Pool	-	145,647,985	-	1,706,864,568	-	-	1,852,512,553
Small Company Stock Pool	-	-	138,176,064	636,648,784	-	-	774,824,848
All Other Pool	-	-	-	1,957,307,334	-	-	1,957,307,334
Income Fund	-	-	-	-	1,011,781,127	-	1,011,781,127
Xerox Stock Fund	-	-	-	-	-	194,180,149	194,180,149
Total	\$ 144,212,119	145,647,985	138,176,064	5,108,603,568	1,011,781,127	194,180,149	6,742,601,012

XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN

Notes to Financial Statements

(3) Master Trust (continued)

Investments in the Master Trust for all participating plans as of November 30, 1996 are as follows:

	International Stock Fund	U.S Stock Fund	Company Stock Fund	Small Balanced Fund	Income Fund	Xerox Stock Fund	Total
Xerox Corporation Profit Sharing and Savings Plan	\$ 136,379,184	138,676,389	131,146,618	757,250,020	693,889,121	179,548,012	2,036,889,344
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.	7,832,935	6,971,596	7,029,446	48,816,602	85,680,794	14,632,137	170,963,510
Xerox Corporation Retirement Income Guarantee Plan	-	-	-	3,860,398,301	201,917,419	-	4,062,615,720
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.	-	-	-	441,556,944	30,293,793	-	471,850,737
XDS Investment Plan	-	-	-	581,701	-	-	581,701
Total	\$ 144,212,119	145,647,985	138,176,064	5,108,603,568	1,011,781,127	194,180,149	6,742,601,012

XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN

Notes to Financial Statements

(3) Master Trust (continued)

Statement of Net Assets of the Master Trust as of November 30, 1995:

	International Stock Pool	U.S. Stock Pool	Company Stock Pool	Small All Other Pool	Income Fund	Xerox Stock Fund	Segregated Assets Fund (see note 4)	Total
Assets								
Receivables:								
Dividends	\$ 698,388	951,310	153,069	554,383	-	754,349	-	
3,111,499								
Interest	338,037	381,209	192,981	10,093,759	7,869,209	1,929	-	
18,877,124								
Due from brokers	4,232,947	11,272,276	1,602,820	70,751,303	21,414,712	-	-	
109,274,058								
Total receivables	5,269,372	12,604,795	1,948,870	81,399,445	29,283,921	756,278	-	
131,262,681								
Investments								
at fair value:								
At quoted market value:								
Short-term								
investments	14,959,661	50,261,165	35,589,654	188,143,760	45,129,459	506,921	-	
334,590,620								
Fixed income								
investments	8,948,937	10,355,388	-	809,199,571	281,135,924	-	-	
1,109,639,820								
Equity securities:								
Xerox common								
stock	-	-	-	-	-	139,634,250	-	
139,634,250								
Other								
	728,766,550	1,271,544,615	547,487,444	686,264,675	-	-	-	
3,234,063,284								
Investments at								
contract value:								
Investment contracts								
with insurance								
companies and banks	-	-	-	-	755,908,409	-	1,269,049	
757,177,458								
At estimated fair value:								
Interest in real estate								
trusts	-	-	-	147,958,900	-	-	-	
147,958,900								
Other investments								
	-	-	-	112,288,466	-	-	-	
112,288,466								
Total								
investments	752,675,148	1,332,161,168	583,077,098	1,943,855,372	1,082,173,792	140,141,171	1,269,049	
5,835,352,798								
Total assets	757,944,520	1,344,765,963	585,025,968	2,025,254,817	1,111,457,713	140,897,449	1,269,049	
5,966,615,479								
Liabilities								
Cash overdraft								
	-	66	13	109,973	-	-	-	
110,052								
Due to brokers								
	10,932,258	19,692,289	4,030,794	98,607,735	3,436,720	1,717,850	-	
138,417,646								
Net assets	\$747,012,262	1,325,073,608	580,995,161	1,926,537,109	1,108,020,993	139,179,599	1,269,049	
5,828,087,781								

XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN

Notes to Financial Statements

(3) Master Trust (continued)

The allocation of Master Trust investments by investment pool and fund as of November 30, 1995 is as follows:

	International Stock Fund	U.S Stock Fund	Small Company Stock Fund	Balanced Fund	Income Fund	Xerox Stock Fund	Segregated Assets Fund	Total (see note 4)
International Stock Pool	\$ 77,482,237	-	-	669,530,025	-	-	-	747,012,262
U.S. Stock Pool	-	78,184,642	-	1,246,888,966	-	-	-	1,325,073,608
Small Company Stock Pool	-	-	74,130,432	506,864,729	-	-	-	580,995,161
All Other Pool	-	-	-	1,926,537,109	-	-	-	1,926,537,109
Income Fund	-	-	-	-	1,108,020,993	-	-	1,108,020,993
Xerox Stock Fund	-	-	-	-	-	139,179,599	-	139,179,599
Segregated Assets Fund	-	-	-	-	-	-	1,269,049	1,269,049
Total	\$ 77,482,237	78,184,642	74,130,432	4,349,820,829	1,108,020,993	139,179,599	1,269,049	5,828,087,781

XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN

Notes to Financial Statements

(3) Master Trust (continued)

Investments in the Master Trust for all participating plans as of November 30, 1995 are as follows:

	International Stock Fund	U.S Stock Fund	Company Stock Fund	Small Balanced Fund	Income Fund	Xerox Stock Fund	Segregated Assets Fund	Total (see note 4)
Xerox Corporation Profit Sharing and Savings Plan 1,703,453,683	\$ 73,612,588	75,230,057	71,105,345	584,912,455	767,283,041	130,445,603	864,596	
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. 152,264,853	3,869,649	2,954,585	3,025,087	37,830,372	95,765,469	8,733,996	85,695	
Xerox Corporation Retirement Income Guarantee Plan 3,538,168,098	-	-	-	3,324,141,518	213,746,813	-	279,767	
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. 433,760,699	-	-	-	402,496,038	31,225,670	-	38,991	
XDS Investment Plan 440,446	-	-	-	440,446	-	-	-	
Total 5,828,087,781	\$ 77,482,237	78,184,642	74,130,432	4,349,820,829	1,108,020,993	139,179,599	1,269,049	

XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN
Notes to Financial Statements

(3) Master Trust (continued)

Statement of Changes in Net Assets of the Master Trust for the year ended November 30, 1996:

Total	International Stock Pool	U.S Stock Pool	Company Stock Pool	Small		Income Fund	Xerox Stock Fund	Segregated Assets Fund
				All	Other Pool			
Additions:								
Transfers in 306,254,525	\$17,667,117	23,361,582	17,871,703	161,169,556	60,773,598	25,410,969	-	
Investment earnings:								
Interest 165,001,967	1,758,465	7,472,177	5,385,918	77,829,819	70,882,808	56,938	1,615,842	
Dividends 115,208,526	11,536,790	64,246,861	8,676,627	27,587,944	3	3,160,301	-	
Net App(Dep) 805,256,171	189,455,864	268,707,939	133,179,213	203,226,626	(2,182,375)	12,868,904	-	
Margin Var. on futures contracts 37,208,856	(40,828)	17,959,290	9,297,242	9,725,636	267,516	-	-	
Other 3,236,298	552,365	101,265	216,690	2,267,517	92,908	5,553	-	
Total investment earnings 1,125,911,818	203,262,656	358,487,532	156,755,690	320,637,542	69,060,860	16,091,696	1,615,842	
Total Additions 1,426,166,343	220,929,773	381,849,114	174,627,393	481,807,098	129,834,458	41,502,665	1,615,842	
Deductions:								
Administrative Expense 26,898,249	6,299,902	2,155,352	3,106,127	13,317,170	1,907,429	112,269	-	
Transfer out 490,754,863	6,804,169	6,451,303	5,757,577	325,123,111	135,023,860	11,624,843	-	
Total deductions 517,653,112	13,104,071	8,606,655	8,833,704	338,440,281	136,931,289	11,737,112	-	
Transfers between funds/pools Net assets: Beginning of year 5,828,087,781	(2,842,963)	154,196,486	28,035,998	(112,596,592)	(89,143,035)	25,234,997	(2,884,891)	-
End of year 6,742,601,012	\$ 951,995,001	1,852,512,553	774,824,848	1,957,307,334	1,011,781,127	194,180,149	-	

(see note 4)

XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN
Notes to Financial Statements

(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 November 30, 1996 is as follows:

	International Stock Fund	U.S. Stock Fund	Company Stock Fund	Small Balanced Fund	Income Fund	Xerox Stock Fund	Segregated Asset Fund
Total							
International Stock Pool 196,962,754	\$25,038,377	-	-	171,924,377	-	-	-
U.S. Stock Pool 356,332,180	-	28,282,250	-	328,049,930	-	-	-
Small Company Stock Pool 153,649,563	-	-	23,630,507	130,019,056	-	-	-
All Other Pool 307,320,372	-	-	-	307,320,372	-	-	1,615,842
Income Fund 68,769,273	-	-	-	-	67,153,431	-	-
Xerox Stock Fund 15,979,427	-	-	-	-	-	15,979,427	-
Total 1,099,013,569	\$25,038,377	28,282,250	23,630,507	937,313,735	67,153,431	15,979,427	1,615,842

XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN
Notes to Financial Statements

(3) Master Trust (continued)

Net income from Master Trust investments, net of administrative expenses for all participating plans for the year ended November 30, 1996:

	International Stock Fund	U.S Stock Fund	Company Stock Fund	Small Balanced Fund	Income Fund	Xerox Stock Fund	Segregated Asset Fund	Total
Xerox Corporation Profit Sharing and Savings Plan*	\$23,752,671	26,986,737	22,517,556	136,097,648	46,800,658	15,061,698	1,124,757	272,341,725
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.	1,285,706	1,295,513	1,112,951	8,689,527	5,525,723	917,729	135,231	18,962,380
Xerox Corporation Retirement Income Guarantee Plan	-	-	-	710,218,766	13,001,192	-	330,112	723,550,070
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.	-	-	-	82,206,637	1,825,858	-	25,742	84,058,237
XDS Investment Plan	-	-	-	101,157	-	-	-	101,157
Total	\$ 25,038,377	28,282,250	23,630,507	937,313,735	67,153,431	15,979,427	1,615,842	1,099,013,569

* 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.

XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN
Notes to Financial Statements

(3) Master Trust (continued)

Statement of Changes in Net Assets of the Master Trust for the year ended November 30, 1995
is as follows:

Total	International Stock Pool	U.S Stock Pool	Company Stock Pool	Small All Other Pool	Income Fund	Xerox Stock Fund	Segregated Assets Fund	
(see note 4)								
Additions:								
Transfers in 219,458,853	\$11,203,070	10,647,422	9,889,067	85,878,768	84,155,229	17,685,297	-	
Investment earnings:								
Interest 157,737,412	770,531	3,528,423	2,776,738	76,856,014	74,729,139	76,567	-	
Dividends 87,978,039	10,025,054	38,515,695	11,517,423	24,966,258	-	2,953,609	-	
Net App(Dep) 704,076,914	58,941,923	271,364,157	102,753,507	224,463,457	8,921,130	37,632,740	-	
Margin Variation 25,178,264	1,028,520	-	-	24,311,485	(161,741)	-	-	
Other 1,274,910	177,235	31,509	167,756	860,675	34,868	2,867	-	
Total investment earnings 977,245,539	70,943,263	313,439,784	117,215,424	351,457,889	83,523,396	40,665,783	-	
Total Additions 1,196,704,392	82,146,333	324,087,206	127,104,491	437,336,657	167,678,625	58,351,080	-	
Deductions:								
Administrative Expense 30,388,615	5,498,273	4,104,929	3,358,532	14,784,130	2,519,253	123,498	-	
Transfer out 542,490,881	4,762,702	3,679,415	3,354,142	352,038,038	168,483,364	10,173,220	-	
Total deductions 572,879,496	10,260,975	7,784,344	6,712,674	366,822,168	171,002,617	10,296,718	-	
Transfers between funds/pools Transfer from AMTX, Inc. 441,916	(41,175,868)	98,390,567	(199,879,397)	105,200,242	59,242,812	4,638,985	(26,417,341)	-
Net assets: Beginning of year 5,203,820,969	716,302,772	910,380,179	660,482,741	1,750,822,378	1,051,660,257	86,486,252	27,686,390	
End of year 5,828,087,781	\$747,012,262	1,325,073,608	580,995,161	1,926,537,109	1,108,020,993	139,179,599	1,269,049	

XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN
Notes to Financial Statements

(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 November 30, 1995 is as follows:

	International Stock Fund	U.S Stock Fund	Company Stock Fund	Small Balanced Fund	Income Fund	Xerox Stock Fund	Total
International Stock Pool	\$6,256,251	-	-	59,188,739	-	-	65,444,990
U.S. Stock Pool	-	14,942,724	-	294,392,131	-	-	309,334,855
Small Company Stock Pool	-	-	11,888,984	101,967,908	-	-	113,856,892
All Other Pool	-	-	-	336,673,759	-	-	336,673,759
Income Fund	-	-	-	-	81,004,143	-	81,004,143
Xerox Stock Fund	-	-	-	-	-	40,542,284	40,542,284
Total	\$6,256,251	14,942,724	11,888,984	792,222,537	81,004,143	40,542,284	946,856,923

XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN
Notes to Financial Statements

(3) Master Trust (continued)

Net income from Master Trust investments, net of administrative expenses for all participating plans for the year ended November 30, 1995:

	International Stock Fund	U.S. Stock Fund	Company Stock Fund	Small Balanced Fund	Income Fund	Xerox Stock Fund	Total
Xerox Corporation Profit Sharing and Savings Plan*	\$5,971,976	14,428,298	11,478,711	102,705,332	56,018,591	38,089,557	228,692,465
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.	284,275	514,426	410,273	6,531,337	6,937,779	2,452,727	17,130,817
Xerox Corporation Retirement Income Guarantee Plan	-	-	-	608,237,890	15,767,773	-	624,005,663
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.	-	-	-	74,686,415	2,280,000	-	76,966,415
XDS Investment Plan	-	-	-	61,563	-	-	61,563
Master Trust investment income, net of administrative expenses	\$6,256,251	14,942,724	11,888,984	792,222,537	81,004,143	40,542,284	946,856,923

* 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.

XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN

Notes to Financial Statements

(3) Master Trust (continued)

Master Trust investments are managed by selected investment managers under the direction of the Treasurer of Xerox Corporation. The Finance Committee of the Xerox Corporation Board of Directors is responsible for establishing investment guidelines, reviewing the investment decisions of the Treasurer and reviewing the investment results of the Master Trust. The Finance Committee of the Xerox Corporation Board of Directors consists, at present, of five members of the Xerox Corporation Board of Directors, none of whom are officers of Xerox Corporation.

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 upon the cost of the investments, developments concerning the portfolio investments of the private placements, and other factors as the managing general partners of these investments may deem relevant. The valuations do not necessarily represent amounts which might ultimately be realized from the investments.

private placements

Securities and trust funds that are not readily marketable are valued based on comparisons to yields of issues of similar quality and maturities.

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 November 30, 1996 and 1995 were 6.5% and 6.9% respectively.
- (ii) The crediting interest rates at November 30, 1996 and 1995 ranged from 5.0% 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, for synthetic GIC's, at November 30, 1996 and 1995 was approximately \$641,588,033 and \$767,473,688, respectively. Contract values were \$634,202,724 and \$757,177,458 at November 30, 1996 and 1995, respectively.

The Master Trust invests in real estate investment 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 future investments.

XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN

Notes to Financial Statements

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 November 30, 1996 is as follows:

	International Stock Pool	U.S. Stock Pool	Small Company Stock Pool	All Other Pool	Income Fund	Xerox Stock Fund	Total
Investments at quoted market value:							
Short-term and fixed income investments	\$ (243,957)	403,718	-	28,170,610	(2,182,375)	-	26,147,996
Xerox common stock	-	-	-	-	-	12,868,904	12,868,904
Other equity investments	189,699,821	268,304,221	133,179,213	120,369,414	-	-	711,552,669
Investments at estimated fair value:							
Real estate	-	-	-	(9,667,515)	-	-	(9,667,515)
Other investments	-	-	-	64,354,117	-	-	64,354,117
Total	\$189,455,864	268,707,939	133,179,213	203,226,626	(2,182,375)	12,868,904	805,256,171

XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN

Notes to Financial Statements

The net appreciation (depreciation) of investments for the year ended November 30, 1995 is as follows:

	International Stock Pool	U.S. Stock Pool	Small Company Stock Pool	All Other Pool	Income Fund	Xerox Stock Fund	Total
Investments at fair value:							
Short-term and fixed income investments	\$ (65,138)	2,014,943	-	51,373,186	8,921,130	-	62,244,121
Xerox common stock	-	-	-	-	-	37,632,740	37,632,740
Other equity investments	59,007,061	269,349,214	102,753,507	144,946,924	-	-	576,056,706
Investments at estimated fair value:							
Real estate trust interests	-	-	-	3,810,760	-	-	3,810,760
Other investments	-	-	-	24,332,587	-	-	24,332,587
Total	\$ 58,941,923	271,364,157	102,753,507	224,463,457	8,921,130	37,632,740	704,076,914

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

Other investment 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 was transferred into a Segregated Assets Fund.

Through November 30, 1996, the Xerox retirement and savings plans have received \$65.5 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 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.

XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN

Notes to Financial Statements

(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.

The total number of units and net asset value per unit outstanding at month-end during the year ended November 30, 1996 was as follows:

International Fund Units Outstanding	Fund Unit Value	U.S Stock Units Outstanding	Fund Unit Value	Small Co. Units Outstanding	Fund Unit Value	Balanced Units Outstanding	Fund Unit Value	Income Fund Units Outstanding	Fund Unit Value	Xerox Stock Units Outstanding	Fund Unit Value
December 31:											
61,795,806	\$1.247564	60,026,532	\$1.340973	55,085,964	\$1.351324	51,224,934	\$11.765868	124,318,691	\$6.130939	21,394,017	
\$6.189449											
January 31:											
62,382,157	1.293327	61,949,688	1.384301	56,320,966	1.342293	51,462,675	12.002653	122,754,641	6.167616	21,814,069	
5.599330											
February 28:											
65,714,223	1.305984	65,078,404	1.398004	57,683,878	1.399105	52,077,595	12.105990	121,118,697	6.185017	23,442,405	
5.926790											
March 31:											
69,908,614	1.345844	71,016,923	1.410330	58,160,173	1.451021	52,443,617	12.315363	117,012,099	6.204795	23,942,955	
5.703779											
April 30:											
76,839,969	1.380051	79,049,752	1.425851	62,190,910	1.547702	54,307,056	12.556639	117,123,296	6.229090	24,929,008	
6.669084											
May 31:											
81,463,488	1.388665	81,502,643	1.457879	66,205,558	1.606726	54,419,516	12.757811	114,645,872	6.258788	24,844,135	
7.166556											
June 30:											
84,965,509	1.403904	82,646,827	1.459497	72,117,763	1.547776	54,152,325	12.786097	111,463,002	6.299196	25,138,171	
7.354894											
July 31:											
87,411,236	1.346170	83,539,982	1.387785	75,583,671	1.432424	54,133,948	12.344405	109,615,217	6.332220	25,291,962	
6.928447											
August 31:											
88,046,503	1.376319	83,529,506	1.421710	76,828,681	1.527109	53,983,112	12.648546	108,953,692	6.366458	25,486,220	
7.543459											
September 30:											
88,945,855	1.420495	83,029,325	1.508419	77,873,140	1.605861	53,949,993	13.201415	107,845,121	6.411511	25,708,519	
7.415021											
October 31:											
90,193,238	1.436266	83,002,657	1.544068	77,837,161	1.606247	53,937,896	13.398674	107,656,305	6.461901	25,874,302	
6.410834											
November 30:											
90,181,655	1.511053	83,361,927	1.664017	77,968,283	1.681941	53,767,635	14.089010	106,860,617	6.501211	26,550,199	
6.766386											

XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN

Notes to Financial Statements

(5) Unit Values (continued)

The total number of units and net asset value per unit outstanding at month-end during the year ended November 30, 1995 was as follows:

International Fund Units Outstanding	Fund Unit Value	U.S Stock Units Outstanding	Fund Unit Value	Small Co. Units Outstanding	Fund Unit Value	Balanced Units Outstanding	Fund Unit Value	Income Fund Units Outstanding	Fund Unit Value	Xerox Stock Units Outstanding	Fund Unit Value
December 31:											
60,179,365	\$1.071812	37,773,639	\$1.004469	36,690,812	\$1.087985	50,770,096	\$9.492493	127,633,672	\$5.675950	19,452,258	
\$4.367397											
January 31:											
60,918,573	1.014148	38,136,110	1.028614	37,916,082	1.075133	50,336,147	9.469626	126,443,369	5.714529	19,906,359	
4.823003											
February 28:											
60,355,342	1.014879	38,523,405	1.066364	38,579,023	1.110750	49,787,004	9.722490	126,340,743	5.752417	20,183,338	
4.925137											
March 31:											
59,265,445	1.037801	39,886,643	1.091979	39,875,075	1.146890	49,492,114	9.932212	128,700,201	5.787098	20,253,326	
5.223549											
April 30:											
59,757,540	1.073252	42,605,238	1.117010	41,842,797	1.168077	50,849,044	10.153442	133,055,469	5.823086	21,157,657	
5.479653											
May 31:											
59,157,334	1.097675	44,708,195	1.156870	42,787,760	1.184615	50,599,607	10.431708	133,079,193	5.872766	21,500,659	
5.071456											
June 30:											
59,061,311	1.103583	47,239,526	1.183081	44,598,384	1.242418	50,489,636	10.640895	132,166,538	5.907832	21,626,823	
5.239795											
July 31:											
59,589,319	1.177333	48,392,446	1.220332	45,029,655	1.315199	50,406,023	11.010881	131,346,391	5.938496	21,508,568	
5.334043											
August 31:											
59,851,776	1.166430	51,229,145	1.226032	46,283,955	1.338410	50,659,319	11.078072	130,009,224	5.975351	21,393,739	
5.434081											
September 30:											
60,390,250	1.194367	53,097,498	1.268196	48,525,206	1.369462	50,657,887	11.333167	128,432,861	6.006915	21,073,681	
6.033618											
October 31:											
61,270,010	1.181537	55,792,291	1.256582	51,361,648	1.302074	50,832,431	11.205960	127,391,276	6.047463	20,901,315	
5.824325											
November 30:											
61,395,203	1.200176	57,454,326	1.310284	53,063,815	1.341111	50,871,423	11.509480	125,383,818	6.088388	21,155,151	
6.193365											

The Segregated Assets Fund had 2,584,689 units outstanding and a net asset value of \$864,596 at November 30, 1995.

XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN

Notes to Financial Statements

(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:

	November 30	
	1996	1995
Net assets available for plan benefits as reported in the Plan financial statements	\$2,095,287,041	1,757,842,031
Benefit claims payable reported on line 31g of Form 5500	(2,077,252)	(3,525,402)
Net assets available for plan benefits as reported in the Plan Form 5500	\$2,093,209,789	1,754,316,629

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

	November 30	
	1996	1995
Benefits paid to participants as reported in the Plan financial statements	\$106,706,712	126,453,141
Add: Amounts allocated to withdrawing participants at November 30	2,077,252	3,525,402
Less: Amounts allocated to withdrawing participants at November 30, 1996 and 1995, respectively	(3,525,402)	(4,975,553)
Benefits paid to participants as reported in the Form 5500	\$105,258,562	125,002,990

Amounts allocated to withdrawing participants are recorded on the Form 5500 for benefit claims that have been processed and approved for payment prior to November 30 but not yet paid as of that date.

XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN

Notes to Financial Statements

(7) AMTX, Inc.

AMTX, Inc. is a wholly-owned subsidiary of Xerox Corporation. Effective January 1, 1995, the AMTX, Inc. Employees' Retirement Plan was terminated, and employees' balances were transferred into the Xerox Corporation Profit Sharing and Savings Plan. These employees are now participants in the Plan.

(8) Stock Split

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

XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN

Item 27a - Schedule of Assets Held for Investment Purposes
November 30, 1996

Identity of issuer, borrower, lessor, or similar party	Description of investment including maturity date, rate of interest, collateral, par or maturity value	Historical Cost	Current Value
Investment in Master Trust	See Note 3.	\$1,760,440,965	\$2,036,889,344
Investment in Participant Loans Receivable	Loans to Plan participants, maturity dates through 5/31/09, interest rates from 7.0% to 11.5% per annum.	-	59,201,070

INDEPENDENT AUDITORS' REPORT

The Plan Administrator and Participants of Xerox Corporation Profit Sharing and Savings Plan:

We have audited the accompanying statements of net assets available for plan benefits of the Xerox Corporation Profit Sharing and Savings Plan (Plan) as of November 30, 1996 and 1995, 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 November 30, 1996 and 1995, 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 made 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 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. 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 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.

KPMG PEAT MARWICK LLP

Rochester, New York
April 30, 1997
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EXHIBIT INDEX

Exhibit
(b)(1) Accountants' Consent

Electronic
Submission
Document
2

ACCOUNTANTS' CONSENT

The Board of Directors
Xerox Corporation:

We consent to incorporation by reference in the Registration Statements (No. 2-86274 and No. 333-22059) on Form S-8 of Xerox Corporation of our report dated April 30, 1997, relating to the statements of net assets available for plan benefits of the Xerox Corporation Profit Sharing and Savings Plan as of November 30, 1996 and 1995, 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 November 30, 1996 Annual Report on Form 11-K of the Xerox Corporation Profit Sharing and Savings Plan.

KPMG PEAT MARWICK LLP

Rochester, New York
May 27, 1997