

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, 1999

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 person who administer the plan have duly caused this actual report
to be signed on its behalf by the undersigned who 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.

Sally Conkright
Plan Administrator

Stamford, Connecticut
Dated June 29, 2000

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, 1999 and 1998

(With Independent Auditors' Report Thereon)

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, 1999

(In thousands)

	International Stock Fund	U.S. Stock Fund	Fund Information Small Company Stock Fund	Fifty/Fifty	Balanced Fund More Bonds	Fund More Stocks
Assets:						
Participant notes Receivable	\$ -	-	-	-	-	-
Investment in Master Trust	10,968	26,070	11,702	5,365	2,606	80,608
Total assets	10,968	26,070	11,702	5,365	2,606	80,608
Due from (to) other funds (38)		(91)	(41)	(19)	(9)	(280)
Net assets available for plan benefits \$	10,930	25,979	11,661	5,346	2,597	80,328

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

Enhanced Bond Fund	Income Fund	Xerox Stock Fund	Marketplace Window	Employee Loan Fund	Total
-	-	-	-	17,337	17,337
1,075	65,096	36,963	11,715	-	252,168
1,075	65,096	36,963	11,715	17,337	269,505
(4)	(226)	(129)	(40)	877	-
1,071	64,870	36,834	11,675	18,214	269,505

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, 1999

(In thousands)

	International Stock Fund	U.S. Stock Fund	Fund Information Small Company Stock Fund	Fifty/Fifty	Balanced Fund More Bonds	Fund More Stocks
Assets:						
Employer contributions Receivable	\$ 63	221	94	41	27	1,079
Participant notes Receivable	-	-	-	-	-	-
Investment in Master Trust	8,566	22,028	10,488	1,655	741	76,223
Total assets	8,629	22,028	10,582	1,696	768	77,302
Due from (to) other funds (13)		(34)	(16)	(2)	(1)	(117)

Net assets available for
 plan benefits \$ 8,616 22,215 10,566 1,694 767 77,185

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

Enhanced Bond Fund	Income Fund	Xerox Stock Fund	Marketplace Window	Employee Loan Fund	Total
13	154	649	14	-	2,355
-	-	-	-	17,299	17,229
406	79,433	53,195	1,090	-	253,825
419	79,587	53,844	1,104	17,299	273,479
(1)	(122)	(81)	(2)	389	-
418	79,465	53,763	1,102	17,688	273,479

PROFIT SHARING AND SAVINGS PLAN
 XEROX CORPORATION AND
 THE XEROGRAPHIC DIVISION,
 UNION OF NEEDLETRADES, INDUSTRIAL
 AND TEXTILES 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, 1999

(In thousands)

	International Stock Fund	Fund Information U.S. Stock Fund	Small Company Stock Fund	Fifty/ Fifty	Balanced Fund More Bonds	Fund More Stocks
Contributions:						
Employer \$	97	210	136	11	8	728
Employees'-voluntary	669	1,529	887	135	72	4,078
Rollovers from external plans	22	22	22	11	-	144
Rollovers from internal plans	60	556	16	2,162	1,347	4,455
Total contributions	848	2,317	1,061	2,319	1,427	9,405
Net income (loss) from Master Trust investments, net of administrative expenses	2,475	4,029	2,499	538	184	12,858
Interest income on participant notes receivable	-	-	-	-	-	-
Total	3,323	6,346	3,560	2,857	1,611	22,263
Benefit payments	(481)	(1,373)	(290)	(1,194)	(171)	(5,260)
Transfers among funds	(528)	(1,209)	(2,175)	1,989	390	(13,860)
Net increase (decrease) in net assets available for plan benefits	2,314	3,764	1,095	3,652	1,830	3,143
Net assets available for plan benefits:						
Beginning of year	8,616	22,215	10,566	1,694	767	77,185

End of year \$ 10,930 25,979 11,661 5,346 2,597 80,328

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

Enhanced Bond Fund	Income Fund	Xerox Stock Fund	Marketplace Window	Employee Loan Fund	Total
4	703	442	9	-	2,348
36	3,929	2,834	173	-	14,342
-	267	20	232	-	740
333	1,137	154	439	-	10,659
373	6,036	3,450	853	-	28,089
(21)	1,942	(39,899)	2,834	-	(12,561)
-	-	-	-	1,180	1,180
352	7,978	(36,449)	3,687	1,180	16,708
(16)	(9,989)	(1,663)	(245)	-	(20,682)
317	(12,584)	21,183	7,131	(654)	-
653	(14,595)	(16,929)	10,573	526	(3,974)
418	79,465	53,763	1,102	17,688	273,479
1,071	64,870	36,834	11,675	18,214	269,505

PROFIT SHARING AND SAVINGS PLAN
XEROX CORPORATION AND
THE XEROGRAPHIC DIVISION,
UNION OF NEEDLETRADES, INDUSTRIAL
AND TEXTILES 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, 1998

(In thousands)

	Fund Information					
	International Stock Fund	U.S. Stock Fund	Small Company Stock Fund	Fifty/ Fifty	Balanced More Bonds	Fund More Stocks
Contributions:						
Employer	\$ 174	390	251	41	27	1,707
Employees' -voluntary	805	1,350	1,163	6	2	4,289
Rollovers from external plans	8	57	30	-	-	38
Rollovers from internal plans	28	28	4	-	-	962
Total contributions	1,015	1,825	1,448	47	29	6,996
Net income (loss) from Master Trust investments, net of administrative expenses	1,331	4,242	(664)	111	36	10,912
Interest income on participant notes receivable	-	-	-	-	-	-

Total	2,346	6,067	784	158	65	17,908
Benefit payments	(204)	(608)	(249)	(7)	(1)	(2,923)
Transfers among funds	(2,739)	3,720	(1,538)	1,543	703	(3,946)
Transfers between plans	(234)	(151)	(229)	-	-	(1,906)
Net increase (decrease) in net assets available for plan benefits	(831)	9,028	(1,232)	1,694	767	9,133
Net assets available for plan benefits:						
Beginning of year	9,447	13,187	11,798	-	-	68,052
End of year	\$ 8,616	22,215	10,566	1,694	767	77,185

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

Enhanced Bond Fund	Income Fund	Xerox Stock Fund	Marketplace Window	Employee Loan Fund	Total
13	890	975	14	-	4,482
3	4,535	2,502	2	-	14,657
-	661	70	-	-	864
-	1,264	198	-	-	2,484
16	7,350	3,745	16	-	22,487
15	4,866	18,658	64	-	39,571
-	-	-	-	1,228	1,228
31	12,216	22,403	80	1,228	63,286
(1)	(5,593)	(1,019)	(2)	-	(10,607)
388	(6,655)	3,772	1,024	3,728	-
-	(1,964)	(659)	-	(52)	(5,195)
418	(1,996)	24,497	1,102	4,904	47,484
-	81,461	29,266	-	12,784	225,995
418	79,465	53,763	1,102	17,688	273,479

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

December 31, 1999 and 1998

(1) Description of Plan and Significant Accounting Policies

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 are eligible to participate in the Plan immediately upon hire.

Plan Amendments

Effective January 1, 1998, the Company modified the profit sharing payout amounts beginning with the Plan year ended December 31, 1998. In 1998, profit sharing distributions were 50% in cash and 50% in stock options (stock options are not a component of the Plan). Beginning in 1999, the profit sharing structure changed to 50% in cash, 25% in deferred compensation and 25% in stock options. For the calendar year ended December 31, 1999, the sponsors EPS growth was below 5%. In accordance with the plan document, there was no Xerox Profit Sharing contribution for 1999. See Xerox Profit Sharing Contributions disclosure in note 1 for further information.

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. There were no benefits allocated from the Plan for participants at December 31, 1999 or 1998.

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. Employees are immediately vested in their savings contributions.

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Notes to Financial Statements, Continued

December 31, 1999 and 1998

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 1999 contribution recorded on March 13, 1999 was \$1,973,497.

Xerox Profit Sharing Contribution

Eligible employees may receive a profit sharing contribution from the sponsor. In 1998 the Plan document specified that any contribution payout could range from zero to 10% of pay 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.

During 1998, the sponsor's ROA was 17.5%, which resulted in a maximum profit sharing contribution for all eligible active employees at December 31, 1998 equal to 5% of pay or \$11,443 and 5% in stock options which are not a component of the Plan. Participants elected to invest \$2,355 into the Plan at December 31, 1998 (dollars in thousands).

Beginning 1999 and forward, a profit sharing payout now has three components. They are as follows: (i) 50% of the payout will come in the form of cash which can be deferred into the savings plan, (ii) 25% of the payout is automatically deferred to the Xerox Stock Fund and (iii) 25% of the payout is provided in the form of stock options, which are not a component of the Plan. Employees are immediately vested in profit sharing contributions.

In 1998 and forward, the maximum profit sharing payout will be 15%. In any given year, the payout bears a 1:1 relationship to earnings per share (EPS) growth up to 15%. However, if EPS growth is below 5%, there is no payout.

For the calendar year ended December 31, 1999, the sponsors EPS growth was below 5%. In accordance with the plan document, there was no Xerox Profit Sharing

contribution for 1999.

THE PROFIT SHARING PLAN OF
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Notes to Financial Statements, Continued

December 31, 1999 and 1998

Investment Funds

As further described in note 3, the investment funds are part of the Xerox Trust Agreement to Fund Retirement Plans (Master Trust). Effective October 1, 1998, the sponsor added the following four new investment funds to the Plan: Balanced Fund - Fifty/Fifty, Balanced Fund - More Bond, Enhanced Bond Fund and Marketplace Window. Additionally, the Balanced Fund name was changed to Balanced Fund - More Stocks. Employees can direct their plan accounts to one or more of the following ten investment funds:

International Stock Fund - Invests primarily in stocks of companies outside 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.

Balanced Fund - Fifty/Fifty - Usually invests approximately 50% in stocks and 50% in bonds; some private placements and cash. The mix may shift with market outlook.

Balanced Fund - More Bonds - Usually invests 30% in stocks, most of the rest in bonds, some private placements and cash. The mix may shift with market outlook.

Balanced Fund - More Stocks - Usually invests approximately 70% in stocks, most of the rest in bonds, some private placements and cash. The mix may shift with market outlook.

Enhanced Bond Fund - Invests in intermediate duration; approximately 70% high quality bonds and 30% high-yield lower quality bonds.

THE PROFIT SHARING PLAN OF
XEROX CORPORATION AND
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Notes to Financial Statements, Continued

December 31, 1999 and 1998

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

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

Marketplace Window- Offers access to no-lead mutual funds outside of Xerox.

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, 1999 and 1998, market value on loans approximates fair value.

Summary of Significant Accounting Policies

a. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein, disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

b. If available, quoted market prices are used to value investments. Non-readily marketable investments are carried at estimated fair value. Investment contracts are carried at contract value, which approximates fair value.

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

THE PROFIT SHARING PLAN OF
XEROX CORPORATION AND
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Notes to Financial Statements, Continued

December 31, 1999 and 1998

(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, 1999:

Xerox Corporation Profit Sharing and Savings Plan;

Xerox Corporation Retirement Income Guarantee Plan; and

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

THE PROFIT SHARING PLAN OF
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Notes to Financial Statements, Continued

December 31, 1999 and 1998

The Master Trust currently has nine investment pools - the International Stock Pool, U.S. Stock Pool, Small Company Stock Pool, Other Equity Pool, Other Fixed Pool, Bond Pool, Income Fund, Xerox Stock Fund, and Marketplace Window.

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.

The Expense Pool represents net accrued plan specific administrative expenses that are attributable to the other Equity Pool, Other Fixed Pool, and the Bond Pool, which comprise the Balanced Fund. It is not an investment pool.

In October 1998, there was pool restructure. Assets of the All Other Pool were transferred to the Other Equity Pool and the Bond Pool. The pool restructure was done in conjunction with the addition of new investment funds as discussed in note 1.

PROFIT SHARING PLAN OF
XEROX CORPORATION AND
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Notes to Financial Statements, Continued

December 31, 1999 and 1998

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, 1999 is as follows
(in thousands):

Assets	International Stock Pool	U.S. Stock Pool	Small Company Stock Pool	Income Fund	Xerox Stock Fund
Cash (overdraft) \$	(230)	2	2	(68)	-
Receivables:					
Dividends	1,316	1,645	255	-	3,697
Interest	220	574	338	7,653	38
Due from brokers	2,231	261	4,171	10,115	-
Other	80	-	-	-	-
Total receivables	3,847	2,480	4,764	17,768	3,735

Investments at fair value:
At quoted market value:

Short-term investments	67,026	115,890	146,755	106,070	8,059
Fixed income investments	2,102	-	-	774,937	-
Equity securities:					
Xerox common stock	-	-	-	-	427,828
Other	1,379,984	2,990,177	683,719	3,852	-
At estimated fair value:					
Interest in real estate					
Trusts	-	-	-	-	-
Other investments	-	-	-	-	-
Total investments	1,449,112	3,106,067	830,474	884,859	435,887
Total assets	1,452,729	3,108,549	835,240	902,559	439,622
Liabilities					
Due to brokers	(11,121)	(2,311)	(4,159)	(128,244)	-
Other	(1,970)	(1,662)	(702)	(468)	(43)
Net assets \$	1,439,638	3,104,576	830,379	773,847	439,579

Other Equity Pool	Other Fixed Pool	Marketplace Window	Bond Pool	Expense Pool	Total
-	-	-	38,086	-	37,792
-	-	-	-	-	6,913
674	216	-	20,876	-	30,589
-	-	1,891	52,405	-	71,074
-	-	-	-	-	80
674	216	1,891	73,281	-	108,656
166,235	52,809	-	147,207	-	810,051
-	-	-	1,875,604	-	2,652,643
-	-	-	-	-	427,828
145,046	-	161,843	70,755	-	5,435,376
3,505	-	-	-	-	3,505
340,264	-	-	-	-	340,264
655,050	52,809	161,843	2,093,566	-	9,669,667
655,724	53,025	163,734	2,204,933	-	9,816,115
(133)	-	(1,649)	(220,434)	-	(368,051)
(297)	(167)	-	(1,463)	-	(6,772)
655,294	52,858	162,085	1,983,036	-	9,441,292

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

December 31, 1999 and 1998

The allocation of Master Trust net assets by investment pool as of December 31, 1999 is as follows (in thousands):

International Stock Fund	U.S. Stock Fund	Small Company Stock Fund	Balanced Fund - Fifty/Fifty	Balanced Fund - More Bonds
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International Stock Pool	\$ 236,019	-	-	19,135	8,183
U.S. Stock Pool	-	544,578	-	40,703	17,409
Small Company Stock Pool	-	-	229,144	9,560	4,088
Income Fund	-	-	-	-	-
Xerox Stock Fund	-	-	-	-	-
Other Equity Pool	-	-	-	10,419	4,456
Other Fixed Pool	-	-	-	840	360
Marketplace Window	-	-	-	-	-
Bond Pool	-	-	-	30,781	13,662
Expense Pool	-	-	-	-	-
Total	\$ 236,019	544,578	229,144	111,438	48,158

Balanced Fund - More Stocks	Enhanced Bond Fund	Income Fund	Xerox Stock Fund	Marketplace Window	Total
1,176,301	-	-	-	-	1,439,638
2,501,886	-	-	-	-	3,104,576
587,587	-	-	-	-	830,379
-	-	773,847	-	-	773,847
-	-	-	439,579	-	439,579
640,419	-	-	-	-	655,294
51,658	-	-	-	-	52,858
-	-	-	-	162,085	162,085
1,916,922	21,671	-	-	-	1,983,036
-	-	-	-	-	-
6,874,773	21,671	773,847	439,579	162,085	9,441,292

THE PROFIT SHARING PLAN OF
XEROX CORPORATION AND
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Notes to Financial Statements, Continued

December 31, 1999 and 1998

Investment in the Master Trust for all participating plans as of December 31, 1999 is as follows (in thousands):

	International Stock Fund	U.S. Stock Fund	Small Company Stock Fund	Balanced Fund - Fifty/Fifty	Balanced Fund - More Bonds
Xerox Corporation Profit Sharing and Savings Plan	\$225,051	518,508	217,442	106,073	45,552

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.	10,968	26,070	11,702	5,365	2,606
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.	-	-	-	-	-
Total	\$236,019	544,578	229,144	111,438	48,158

Balanced Fund - More Stocks	Enhanced Bond Fund	Income Fund	Xerox Stock Fund	Marketplace Window	Total
1,199,259	20,596	583,296	402,616	150,370	3,468,763
80,608	1,075	65,096	36,963	11,715	252,168
5,049,587	-	110,335	-	-	5,159,922
545,319	-	15,120	-	-	560,439
6,874,773	21,671	773,847	439,579	162,085	9,441,292

THE PROFIT SHARING PLAN OF
XEROX CORPORATION AND
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Notes to Financial Statements, Continued

December 31, 1999 and 1998

Statement of Net Assets of the Master Trust as of December 31, 1998 is as follows (in thousands):

Assets	International Stock Pool	U.S. Stock Pool	Small Company Stock Pool	All Other Pool	Income Fund
Cash (overdraft)	\$ 16,520	(141)	1,088	-	(4,469)
Receivables Dividends	1,371	2,687	501	-	-

Interest	198	638	215	-	9,664
Due from brokers	3,227	7,697	1,783	-	77,389
Other	30	11	(1)	-	(225)
Total receivables	4,826	11,033	2,498	-	86,828
Investments at fair value:					
At quoted market value:					
Short-term investments	29,261	160,154	67,680	-	188,727
Fixed income investments	3,637	-	-	-	781,381
Equity securities:					
Xerox common stock	-	-	-	-	-
Other	1,033,271	2,842,337	613,346	-	5,973
At estimated fair value:					
Interest in real estate					
Trusts	-	-	-	-	-
Other investments	-	-	-	-	-
Investments at contract value:					
Investment contracts with insurance companies and banks					
	-	-	-	-	62,861
Total investments	1,066,169	3,002,491	681,026	-	1,038,942
Total assets	1,087,515	3,013,383	684,612	-	1,121,301
Liabilities					
Due to brokers	(3,983)	(6,052)	(2,607)	-	(183,652)
Other	(2,053)	(1,692)	(751)	-	(500)
Net assets	\$ 1,081,479	3,005,639	681,254	-	937,149

Xerox Stock Fund	Other Equity Pool	Other Fixed Pool	Marketplace Window	Bond Pool	Expense Pool	Total
-	-	-	-	15,757	-	28,755
1,962	22	-	-	-	-	6,543
33	1,403	660	-	16,511	-	29,322
-	6,359	-	-	17,986	-	114,441
10	-	-	-	(143)	-	(318)
2,005	7,784	660	-	34,354	-	149,988
9,401	335,740	159,972	-	78,006	-	1,028,941
-	3,221	-	-	1,519,208	-	2,307,447
632,445	-	-	-	-	-	632,445
-	114,059	-	19,796	104,887	-	4,733,669
-	31,562	-	-	-	-	31,562
-	208,894	-	-	-	-	208,894
-	-	-	-	-	-	62,861
641,846	693,476	159,972	19,796	1,702,101	-	9,005,819
643,851	701,260	160,632	19,796	1,752,212	-	9,184,562
-	(6,359)	-	-	(115,955)	-	(318,608)
(92)	(311)	(162)	-	(1,374)	(72)	(7,007)
643,759	694,590	160,470	19,796	1,634,883	(72)	8,858,947

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

December 31, 1999 and 1998

The allocation of Master Trust net assets by investment pool as of December 31, 1998 is as follows (in thousands):

	International Stock Fund	U.S. Stock Fund	Small Company Stock Fund	Balanced Fund - Fifty/Fifty	Balanced Fund - More Bonds
International Stock Pool	\$ 184,457	-	-	6,100	2,870
U.S. Stock Pool	-	426,768	-	17,536	8,252
Small Company Stock Pool	-	-	199,672	3,275	1,541
All Other Pool	-	-	-	-	-
Income Fund	-	-	-	-	-
Xerox Stock Fund	-	-	-	-	-
Other Equity Pool	-	-	-	4,936	2,010
Other Fixed Pool	-	-	-	2,700	513
Marketplace Window	-	-	-	-	-
Bond Pool	-	-	-	10,987	5,170
Expense Pool	-	-	-	-	-
Total	\$ 184,457	426,768	199,672	45,534	20,356

Balanced Fund - More Stocks	Enhanced Bond Fund	Income Fund	Xerox Stock Fund	Marketplace Window	Total
888,052	-	-	-	-	1,081,479
2,553,083	-	-	-	-	3,005,639
476,766	-	-	-	-	681,254
-	-	-	-	-	-
-	-	937,149	-	-	937,149
-	-	-	643,759	-	643,759
687,644	-	-	-	-	694,590
157,257	-	-	-	-	160,470
-	-	-	-	19,796	19,796
1,599,517	19,209	-	-	-	1,634,883
(72)	-	-	-	-	(72)
6,362,247	19,209	937,149	643,759	19,796	8,858,947

THE PROFIT SHARING PLAN OF
XEROX CORPORATION AND
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Notes to Financial Statements, Continued

December 31, 1999 and 1998

Investment in the Master Trust for all participating plans as of December 31, 1998 is as follows (in thousands):

	International Stock Fund	U.S. Stock Fund	Small Company Stock Fund	Balanced Fund - Fifty/ Fifty	Balanced Fund - More Bonds
Xerox Corporation Profit Sharing and Savings Plan	\$ 175,891	404,740	189,184	43,879	19,615
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.	8,566	22,028	10,488	1,655	741
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.	-	-	-	-	-
Total	\$ 184,457	426,768	199,672	45,534	20,356

Balanced Fund - More Stocks	Enhanced Bond Fund	Income Fund	Xerox Stock Fund	Marketplace Window	Total
1,102,063	18,803	692,898	590,564	18,706	3,256,343
76,223	406	79,433	53,195	1,090	253,825
4,686,540	-	143,631	-	-	4,830,171
497,421	-	21,187	-	-	518,608
6,362,247	19,209	937,149	643,759	19,796	8,858,947

THE PROFIT SHARING PLAN OF
XEROX CORPORATION AND
THE XEROGRAPHIC DIVISION,
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Notes to Financial Statements, Continued

December 31, 1999 and 1998

Statement of Changes in Net Assets of the Master Trust for the year ended
December 31, 1999 is as follows (in thousands):

	International Stock Pool	U.S. Stock Pool	Small Company Stock Pool	Income Fund	Xerox Stock Fund
Additions:					
Transfers in	\$ 90,431	155,074	46,723	154,653	418,469
Investment earnings:					
Interest	1,625	6,862	2,424	51,889	610
Dividends	19,430	27,271	3,499	168	10,769
Net appreciation (depreciation)	336,067	544,823	203,930	(22,348)	(456,299)
Margin variation on futures contracts	(385)	(6,508)	(2,146)	633	-
Other	1,296	823	376	889	(10)
Total investment Earnings	358,033	573,271	208,083	31,231	(444,930)
Total additions	448,464	728,345	254,806	185,884	(26,461)
Deductions:					
Administrative expenses	(8,744)	(8,684)	(3,333)	(2,323)	(660)
Transfers out	(95,513)	(125,724)	(71,348)	(346,863)	(177,059)
Total deductions	(104,257)	(134,408)	(74,681)	(349,186)	(177,719)
Transfers between funds/pools	13,952	(495,000)	(31,000)	-	-
Net assets:					
Beginning of year	1,081,479	3,005,639	681,254	937,149	643,759
End of year	\$ 1,439,638	3,104,576	830,379	773,847	439,579

Other Equity Pool	Other Fixed Pool	Marketplace Window	Bond Pool	Expense Pool	Total
794	12,398	150,408	36,210	-	1,065,160
7,461	8,786	-	76,242	-	155,899
3,682	-	5,519	2,045	-	72,383
210,313	(20,000)	25,002	(52,983)	-	768,505
(15,280)	(1,719)	-	261	-	(25,144)
26,733	3	-	1,699	-	31,809
232,909	(12,930)	30,521	27,264	-	1,003,452
233,703	(532)	180,929	63,474	-	2,068,612
(1,482)	(798)	(48)	(6,442)	(1,813)	(34,327)
(563,105)	(782)	(38,592)	(33,879)	-	(1,452,865)
(564,587)	(1,580)	(38,640)	(40,321)	(1,813)	(1,487,192)
291,588	(105,500)	-	325,000	1,885	925

694,590	160,470	19,796	1,634,883	(72)	8,858,947
655,294	52,858	162,085	1,983,036	-	9,441,292

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

Notes to Financial Statements, Continued

December 31, 1999 and 1998

The allocation of net income (loss) from Master Trust investments, net of administrative expenses, by investment pool and fund for the year ended December 31, 1999 is as follows (in thousands):

	International Stock Fund	U.S. Stock Fund	Small Company Stock Fund	Balanced Fund - Fifty/Fifty	Balanced Fund - More Bonds
International Stock Pool	\$ 56,809	-	-	3,042	848
U.S. Stock Pool	-	88,467	-	4,899	1,369
Small Company Stock Pool	-	-	54,095	1,567	437
Income Fund	-	-	-	-	-
Xerox Stock Fund	-	-	-	-	-
Other Equity Pool	-	-	-	2,406	672
Other Fixed Pool	-	-	-	(142)	(41)
Marketplace Window	-	-	-	-	-
Bond Pool	-	-	-	215	61
Expense Pool	-	-	-	-	-
Total	\$ 56,809	88,467	54,095	11,987	3,346

Balanced Fund - More Stocks	Enhanced Bond Fund	Income Fund	Xerox Stock Fund	Marketplace Window	Total
288,590	-	-	-	-	349,289
469,852	-	-	-	-	564,587
148,651	-	-	-	-	204,750
-	-	28,908	-	-	28,908
-	-	-	(445,590)	-	(445,590)
228,349	-	-	-	-	231,427
(13,545)	-	-	-	-	(13,728)
-	-	-	-	30,473	30,473
20,418	128	-	-	-	20,822
(1,813)	-	-	-	-	(1,813)

1,140,502 128 28,908 (445,590) 30,473 969,125

PROFIT SHARING PLAN OF
XEROX CORPORATION AND
THE XEROGRAPHICAL DIVISION,
UNION OF NEEDLETRADES, INDUSTRIAL
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Notes to Financial Statements, Continued

December 31, 1999 and 1998

Net Income (loss) from Master Trust Investments, net of administrative expenses, for all participating plans for the year ended December 31, 1999 is as follows (in thousands):

	International Stock Fund	U.S. Stock Fund	Small Company Stock Fund	Balanced Fund - Fifty/ Fifty	Balanced Fund - More Bonds
Xerox Corporation Profit Sharing and Savings Plan	\$ 54,334	84,438	51,596	11,449	3,162
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.	2,475	4,029	2,499	538	184
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.	-	-	-	-	-
Total	\$ 56,809	88,467	54,095	11,987	3,346

Balanced Fund - More Stocks	Enhanced Bond Fund	Income Fund	Xerox Stock Fund	Marketplace Window	Total
200,491	149	22,218	(405,691)	27,639	49,785
12,858	(21)	1,942	(39,899)	2,834	(12,561)
836,717	-	4,160	-	-	840,877
90,436	-	588	-	-	91,024
1,140,502	128	28,908	(445,590)	30,473	969,125

PROFIT SHARING PLAN OF
XEROX CORPORATION AND
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Notes to Financial Statements, Continued

December 31, 1999 and 1998

Statement of Changes in Net Assets of the Master Trust for the year ended
December 31, 1998 is as follows (in thousands):

	International Stock Pool	U.S. Stock Pool	Small Company Stock Pool	All Other Pool	Income Fund
Additions:					
Transfers in	\$ 43,514	139,522	51,756	418,842	126,050
Investment earnings:					
Interest	2,206	8,198	6,948	59,043	57,481
Dividends	19,994	26,128	2,502	12,123	435
Net appreciation (depreciation)	140,075	663,920	(6,208)	25,060	5,737
Margin variation on futures contracts	1,217	7,864	350	13,831	(287)
Other	(775)	1,911	639	22,210	(104)
Total investment Earnings	162,717	708,021	4,231	132,267	63,262
Total additions	206,231	847,543	55,987	551,109	189,312
Deductions:					
Administrative expenses	(8,531)	(7,852)	(4,300)	(7,872)	(2,341)
Transfers out	(53,101)	(58,284)	(52,728)	(442,927)	(176,723)
Total deduction	(61,632)	(66,136)	(57,028)	(450,799)	(179,064)
Transfers between funds/pools	(90,097)	(274,164)	(290,563)	313,106	-
Pool restructure	-	-	-	(2,448,260)	-
Net assets:					
Beginning of year	1,026,977	2,498,396	972,858	2,034,844	926,901
End of year	\$ 1,081,479	3,005,639	681,254	-	937,149

Xerox Stock Fund	Other Equity Pool	Other Fixed Pool	Marketplace Window	Bond Pool	Expense Pool	Total
102,002	125,652	118,979	18,839	18,136	-	1,163,292
445	4,308	3,270	-	17,068	-	158,967
7,453	3,749	-	569	1,195	-	74,148
221,414	60,417	14,876	735	16,842	-	1,142,868
-	7,862	1,321	-	(7,125)	-	25,033
-	3,156	(2)	-	(439)	-	26,596
229,312	79,492	19,465	1,304	27,541	-	1,427,612
331,314	205,144	138,444	20,143	45,677	-	2,590,904
(668)	(301)	(346)	(1)	(1,443)	(391)	(34,046)
(32,892)	(600,735)	(85,628)	(346)	(528)	-	(1,503,892)
(33,560)	(601,036)	(85,974)	(347)	(1,971)	(391)	(1,537,938)

-	230,399	108,000	-	3,000	319	-
-	860,083	-	-	1,588,177	-	-
346,005	-	-	-	-	-	7,805,981
643,759	694,590	160,470	19,796	1,634,883	(72)	8,858,947

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

December 31, 1999 and 1998

The allocation of net income (loss) from Master Trust investments, net of administrative expenses, by investment pool and fund for the year ended December 31, 1998 is as follows (in thousands):

	International Stock Fund	U.S. Stock Fund	Small Company Stock Fund	Balanced Fund - Fifty/Fifty	Balanced Fund - More Bonds
International Stock Pool	\$ 25,486	-	-	875	412
U.S. Stock Pool	-	86,279	-	1,167	397
Small Company Stock Pool	-	-	(9,729)	66	31
All Other Pool	-	-	-	-	-
Income Fund	-	-	-	-	-
Xerox Stock Fund	-	-	-	-	-
Other Equity Pool	-	-	-	538	253
Other Fixed Pool	-	-	-	130	61
Marketplace Window	-	-	-	-	-
Bond Pool	-	-	-	176	83
Expense Pool	-	-	-	-	-
Total	\$ 25,486	86,279	(9,729)	2,952	1,237

Balanced Fund - More Stocks	Enhanced Bond Fund	Income Fund	Xerox Stock Fund	Marketplace Window	Total
127,413	-	-	-	-	154,186
612,326	-	-	-	-	700,169
9,563	-	-	-	-	(69)
124,395	-	-	-	-	124,395
-	-	60,921	-	-	60,921
-	-	-	228,644	-	228,644
78,400	-	-	-	-	79,191
18,928	-	-	-	-	19,119

-	-	-	-	1,303	1,303
25,595	244	-	-	-	26,098
(391)	-	-	-	-	(391)
996,229	244	60,921	228,644	1,303	1,393,566

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

December 31, 1999 and 1998

Net Income (loss) from Master Trust Investments, net of administrative expenses,
for all participating plans for the year ended December 31, 1998 is as follows
(in thousands):

	International Stock Fund	U.S. Stock Fund	Small Company Stock Fund	Balanced Fund - Fifty/ Fifty	Balanced Fund - More Bonds
Xerox Corporation Profit Sharing and Savings Plan	\$ 24,155	82,037	(9,065)	2,841	1,201
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.	1,331	4,242	(664)	111	36
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.	-	-	-	-	-
Total	\$ 25,486	86,279	(9,729)	2,952	1,237

Balanced Fund - More Stocks	Enhanced Bond Fund	Income Fund	Xerox Stock Fund	Marketplace Window	Total
161,361	229	43,553	209,986	1,239	517,537
10,912	15	4,866	18,658	64	39,571
746,740	-	10,952	-	-	757,692

77,216	-	1,550	-	-	78,766
996,229	244	60,921	228,644	1,303	1,393,566

THE PROFIT SHARING PLAN OF
XEROX CORPORATION AND
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Notes to Financial Statements, Continued

December 31, 1999 and 1998

With respect to the Plan, the Joint Administrative Board (JAB) is responsible for establishing investment objectives and policies, reviewing the investment decisions and reviewing investment results. The JAB consists of four 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 the investments consider relevant. The valuations do not necessarily represent amounts, which might ultimately be realized from the investments.

At December 31, 1999 the Master Trust held no investment contracts with insurance companies or banks. For the plan year ended December 31, 1998, investment contracts with insurance companies and banks were valued at contract value, which approximated fair value. In connection with the investment contracts, all of which are fully benefit-responsive, the following information is presented (dollars in thousands):

- (i) The average investment yield for the year ended December 31, 1998 was 7.1%.
- (ii) The crediting interest rate at December 31, 1998 was 4.4%.
- (iii) The fair value, as determined by discounting estimated future cash flows for traditional GIC's, and the market value of the underlying investments at December 31, 1998 was \$63,780. Contract value was \$62,861 at December 31, 1998.

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.

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Notes to Financial Statements, Continued

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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 exchange traded 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.

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Notes to Financial Statements, Continued

December 31, 1999 and 1998

The net appreciation (depreciation) of investments for the year ending December 31, 1999 is as follows (in thousands):

	International Stock Pool	U.S. Stock Pool	Small Company Stock Pool	Income Fund	Xerox Stock Fund
Investments at quoted market value:					
Short-term and fixed income investments	\$ 309	-	-	(22,348)	-
Xerox common stock	-	-	-	-	(456,299)
Other equity investments	335,758	544,823	203,930	-	-
Investments at estimated fair value:					
Interest in real estate Trusts	-	-	-	-	-
Other investments	-	-	-	-	-
Total	\$ 336,067	544,823	203,930	(22,348)	(456,299)

Other Equity Pool	Other Fixed Pool	Marketplace Window	Bond Pool	Total
-	(20,000)	-	(54,921)	(96,960)
-	-	-	-	(456,299)
24,014	-	25,002	1,938	1,135,465
(8,926)	-	-	-	(8,926)
195,225	-	-	-	195,225
210,313	(20,000)	25,002	(52,983)	768,505

XEROX CORPORATION AND
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 A.F.L. - C.I.O. - C.L.C.

Notes to Financial Statements, Continued

December 31, 1999 and 1998

The net appreciation (depreciation) of investments for the year ending December 31, 1998 is as follows (in thousands):

	International Stock Pool	U.S. Stock Pool	Small Company Stock Pool	All Other Pool	Income Fund
Investments at quoted market value:					
Short-term and fixed income investments	\$ 310	-	-	10,107	5,737
Xerox common stock	-	-	-	-	-
Other equity investments	139,765	663,920	(6,208)	2,884	-
Investments at estimated fair value:					
Interest in real estate Trusts	-	-	-	(20,107)	-
Other investments	-	-	-	32,176	-
Total	\$ 140,075	663,920	(6,208)	25,060	5,737

Other Investments consist primarily of private placement Ltd. partnerships

Xerox Stock Fund	Other Equity Pool	Other Fixed Pool	Marketplace Window	Bond Pool	Expense Pool	Total
-	-	14,876	-	8,444	-	39,474
221,414	-	-	-	-	-	221,414
-	57,463	-	735	8,398	-	866,957
-	(4,026)	-	-	-	-	(24,133)
-	6,980	-	-	-	-	39,156
221,414	60,417	14,876	735	16,842	-	1,142,868

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

December 31, 1999 and 1998

(5) Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for plan benefits and benefits paid to participants as reported in the financial statements to the Form 5500 at December 31, 1999 and 1998:

	December 31,
	1999 1998
	(in thousands)

Net assets available for plan benefits as Reported in the Plan financial statements	\$	269,505	273,479
Benefit claims payable reported on line 31g Of Form 5500		-	-
Net assets available for plan benefits as reported in the Plan Form 5500		269,505	273,479
		December 31, 1999	1998
		(in thousands)	
Benefits paid to participants as reported in the Plan financial statements	\$	20,682	10,607
Add: Amounts allocated to withdrawing participants at December 31, 1999 and 1998		-	-
Less: Amounts allocated to withdrawing participants at December 31, 1998 and 1997, respectively		-	-
Benefits paid to participants as reported in the Form 5500	\$	20,682	10,607

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

December 31, 1999 and 1998

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. There were no benefits allocated from the Plan for participants at December 31, 1999 and 1998.

(6) Stock Split

In February 1999, the shareholders of the plan sponsor approved a two-for-one stock split of the Company's common stock. The stock split did not impact the value of participants' interest in the Xerox Stock Fund.

Schedule 1

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

Line 27a - Schedule of Assets Held for Investment Purposes at End of Year
December 31, 1999
(In thousands)

Identity of issue,	Description of investment including maturity date, rate of
--------------------	--

borrower, lessor, or similar party	interest, collateral, par or maturity value	Cost	Current value
Investment in Master Trust	(1)	\$ 204,650	\$ 252,168
*Investment in Participant Notes Receivable	Loans to Plan participants, maturity dates through 5/31/12, interest rates from 8.0% to 11.5% per annum	-	17,337

* Party-in-interest

(1) See note 1

Independent Auditors' Report

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, 1999 and 1998, 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, 1999 and 1998, 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. This supplemental schedule is 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.

May 26, 2000

EXHIBIT INDEX

Exhibit	Electronic
(b)(1)	Submission
Accountants' Consent	Document
	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 May 26, 2000, 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, 1999 and 1998, 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, 1999 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, 2000