

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, 1995

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

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.

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

Patricia M. Nazemetz

Stamford, Connecticut

Dated June 27, 1996

2

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, 1995 and 1994

(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, 1995

Fund Information									
	International Stock Fund	U.S Stock Fund	Small Company Stock Fund	Balanced Fund	Income Fund	Xerox Stock Fund	Segregated Assets Fund (see note 4 )	Employee Loan Fund	Total
<b>Assets:</b>									
Employer contributions receivable	\$ 211,193	250,898	174,965	1,043,908	843,985	397,075	-	-	2,922,024
Investment in employees' loans	-	-	-	-	-	-	-	10,139,531	10,139,531
Investment in Master Trust	4,104,338	3,313,901	3,371,172	39,083,944	94,522,635	8,762,055	85,695	-	153,243,740
Total assets	4,315,531	3,564,799	3,546,137	40,127,852	95,366,620	9,159,130	85,695	10,139,531	166,305,295
<b>Liabilities:</b>									
Accrued expenses and other liabilities	248	2,625	1,371	39,194	18,647	(248)	-	-	61,837
Due from (to) other funds	30,673	139,839	96,345	68,885	(1,011,209)	374,189	-	301,278	-
Net assets available for plan benefits	\$ 4,345,956	3,702,013	3,641,111	40,157,543	94,336,764	9,533,567	85,695	10,440,809	166,243,458

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

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, 1994

Fund Information

	International Stock Fund	U.S Stock Fund	Small Company Stock Fund	Balanced Fund	Income Fund	Xerox Stock Fund	Segregated Assets Fund (see note 4 )	Employee Loan Fund	Total
<b>Assets:</b>									
Employer contributions receivable	\$ 33,574	16,700	23,082	1,435,336	1,416,645	125,831	-	-	3,051,168
Investment in employees' loans	-	-	-	-	-	-	-	8,970,184	8,970,184
Investment in Master Trust	3,354,512	1,329,298	1,429,505	30,366,601	91,493,729	5,406,194	1,874,205	-	135,254,044
Total assets	3,388,086	1,345,998	1,452,587	31,801,937	92,910,374	5,532,025	1,874,205	8,970,184	147,275,396
<b>Liabilities:</b>									
Accrued expenses and other liabilities	3,478	1,500	1,077	32,420	21,684	(938)	-	-	59,221
Due from (to) other funds	(4,322)	(4,403)	(3,059)	(51,790)	(162,581)	(4,279)	-	230,434	-
Net assets available for plan benefits	\$ 3,380,286	1,340,095	1,448,451	31,717,727	92,726,109	5,528,684	1,874,205	9,200,618	147,216,175

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

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

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

Year ended December 31, 1995

Fund Information

	International Stock Fund	U.S Stock Fund	Small Company Stock Fund	Balanced Fund	Income Fund	Xerox Stock Fund	Segregated Assets Fund (see note 4 )	Employee Loan Fund	Total
Contributions:									
Employer	\$ 285,946	297,649	217,513	1,045,428	2,049,923	511,263	-	-	4,407,722
Employees- voluntary	419,960	360,707	315,241	3,809,861	7,862,875	774,063	-	-	13,542,707
	705,906	658,356	532,754	4,855,289	9,912,798	1,285,326	-	-	17,950,429
Net income from Master Trust investments, net of administrative expenses									
	522,799	575,275	413,561	7,238,985	7,184,733	2,406,168	-	-	18,341,521
Interest income on employees' loans									
	-	-	-	-	-	-	-	656,459	656,459
Total	1,228,705	1,233,631	946,315	12,094,274	17,097,531	3,691,494	-	656,459	36,948,409
Benefit payments (176,424)									
	(91,092)	(101,305)	(3,367,878)	(13,502,814)	(785,210)	-	-	-	(18,024,723)
Transfers among funds									
	(86,611)	1,219,379	1,347,650	(286,580)	(2,087,659)	1,098,599	(1,788,510)	583,732	-
Transfer from AMTX, Inc.									
	-	-	-	-	104,799	-	-	-	104,799
Transfer to Retirement Income Guarantee Plan of the Xerox Corporation and the Xerographic Division, Union of Needletrades, Industrial and Textile Employees, A.F.L. - C.I.O. - C.L.C.									
	-	-	-	-	(1,202)	-	-	-	(1,202)
Net increase (decrease) in net assets available for plan benefits									
	965,670	2,361,918	2,192,660	8,439,816	1,610,655	4,004,883	(1,788,510)	1,240,191	19,027,283
Net assets available for plan benefits:									
Beginning of									
year	3,380,286	1,340,095	1,448,451	31,717,727	92,726,109	5,528,684	1,874,205	9,200,618	147,216,175
End of year	4,345,956	3,702,013	3,641,111	40,157,543	94,336,764	9,533,567	85,695	10,440,809	166,243,458

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

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

Statement of Changes in Net Assets Available for Plan Benefits  
 with Fund Information  
 Year ended December 31, 1994

Fund Information								
International Stock Fund	U.S Stock Fund	Small Company Stock Fund	Balanced Fund	Income Fund	Xerox Stock Fund	Segregated Assets Fund (see note 4 )	Employee Loan Fund	Total
Contributions:								
Employer	\$ 33,305	16,340	22,812	1,421,797	1,496,837	126,084	-	3,117,175
Employees- voluntary	394,279	204,052	157,440	3,676,059	9,395,921	478,178	-	14,305,929
	427,584	220,392	180,252	5,097,856	10,892,758	604,262	-	17,423,104
Net income from Master Trust investments, net of administrative expenses								
	(205,008)	(25,378)	33,598	(282,640)	5,654,635	429,090	-	5,604,297
Interest income on employees' loans								
	-	-	-	-	-	-	534,057	534,057
Total	222,576	195,014	213,850	4,815,216	16,547,393	1,033,352	534,057	23,561,458
Benefit payments								
	(282,639)	(86,778)	(102,492)	(2,481,851)	(8,988,424)	(295,426)	-	(12,237,610)
Transfers among funds								
	1,296,987	104,681	744,306	(843,683)	(685,625)	1,417,407	(2,565,777)	531,704
Net increase (decrease) in net assets available for plan benefits								
	1,236,924	212,917	855,664	1,489,682	6,873,344	2,155,333	(2,565,777)	11,323,848
Net assets available for plan benefits:								
Beginning of year	2,143,362	1,127,178	592,787	30,228,045	85,852,765	3,373,351	4,439,982	8,134,857
End of year	3,380,286	1,340,095	1,448,451	31,717,727	92,726,109	5,528,684	1,874,205	9,200,618

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

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

December 31, 1995 and 1994

(1) Description of Plan

The following description 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) provides only general information. Participants should refer to the summary plan description or plan document for a more complete description of the Plan's provisions.

General

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

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 legal reserve life insurance company. Amounts allocated to participants who have elected to withdraw from the Plan but have not been paid are \$1,875,933 in 1995 and \$884,395 in 1994.

Employee Savings Contributions

Subject to limits imposed by the Internal Revenue Code, eligible employees may contribute up to 18% annual of pay (as defined in the Plan) through any combination of before-tax and after-tax payroll deductions. (The maximum before-tax contribution for the 1995 calendar year is \$9,240.) Employees are immediately vested in their savings contributions.

Xerox Corporation matches 35% of employee savings contributions, up to a maximum match equaling 4% of annual pay. These contributions are made annually to eligible participants of record on the last day of February following the Plan year-end. The 1995 contribution will be recorded in the 1996 financial statements.



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

(1) Description of Plan (continued)

Xerox Optional Profit Sharing Contributions

Eligible employees may receive an optional profit sharing contribution from the sponsor. The contribution ranges from zero to 10% of pay and is based upon the return on assets (ROA) of the Xerox Document Processing industry segment as defined in the Plan document and the participant's length of service.

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

During 1995, the sponsor's ROA was 18.5%, which resulted in an optional profit sharing contribution for all eligible active employees at December 31, 1995 equal to 10.0% of pay or \$21,672,430. Participants elected to invest \$2,922,024 into the Plan at December 31, 1995.

During 1994, the sponsor's ROA was 16.1%, which resulted in an optional profit sharing contribution for all eligible active employees at December 31, 1994 equal to 9.1% of pay or \$20,602,337. Participants elected to invest \$3,051,168 into the Plan at December 31, 1994.

During 1993, the sponsor's ROA targets (as defined in the Plan document) requiring the sponsor to make optional profit sharing contributions were not achieved. Accordingly, no optional profit sharing contributions were made in the plan year ended December 31, 1994.

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 United States.

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

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

(1) Description of Plan (continued)

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.

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. At December 31, 1995, market value on loans approximates fair value.

(2) Federal Income Taxes

The Plan obtained its latest determination letter from the Internal Revenue Service (IRS) on September 8, 1995, covering Plan amendments through December 31, 1994, indicating that the Plan, as designed, was in compliance with the applicable requirements of the Internal Revenue

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

(2) Federal Income Taxes (continued)

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 December 31, 1995:

Xerox Corporation Profit Sharing and Savings Plan;

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 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. In addition, there is 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 pools:

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

(3) Master Trust (continued)

Statement of Net Assets of the Master Trust as of December 31, 1995:

Assets	International Stock Pool	U.S Stock Pool	Small Company Stock Pool	All Other Pool	Income Fund	Xerox Stock Fund	Segregated Assets Fund (see note 4)	Total
Cash (overdraft)	\$ 112	(50)	(11)	11,111	-	-	-	11,162
Receivables:								
Accrued dividends	1,588,368	926,468	198,054	1,094,896	-	754,349	-	4,562,135
Accrued interest	86,628	438,421	187,760	11,002,442	7,929,389	3,435	-	19,648,075
Due from brokers	7,721,360	81,205,650	2,438,355	17,443,810	-	-	-	108,809,175
Total receivables	9,396,356	82,570,539	2,824,169	29,541,148	7,929,389	757,784	-	133,019,385
Investments at fair value:								
At market value:								
Short-term investments	9,268,743	44,489,749	49,274,613	197,009,116	44,703,298	789,372	-	345,534,891
Fixed income investments	9,589,491	10,226,338	-	833,168,785	290,096,610	-	-	1,143,081,224
Equity securities:								
Xerox common stock	-	-	-	-	-	142,246,963	-	142,246,963
Other	752,790,518	1,305,238,786	540,752,355	715,008,555	-	-	-	3,313,790,214
Investments at contract value:								
Investment contracts with insurance companies and banks	-	-	-	-	755,604,296	-	1,269,049	756,873,345
Investment in real estate trusts	-	-	-	135,536,235	-	-	-	135,536,235
Other investments	-	-	-	119,926,428	-	-	-	119,926,428
Total investments	771,648,752	1,359,954,873	590,026,968	2,000,649,119	1,090,404,204	143,036,335	1,269,049	5,956,989,300
Total assets	781,045,220	1,442,525,362	592,851,126	2,030,201,378	1,098,333,593	143,794,119	1,269,049	6,090,019,847
Due to brokers	3,768,819	82,671,588	4,181,722	83,214,374	-	2,736,487	-	176,572,990
Net assets	\$ 777,276,401	1,359,853,774	588,669,404	1,946,987,004	1,098,333,593	141,057,632	1,269,049	5,913,446,857

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

(3) Master Trust (continued)

The allocation of Master Trust investments by investment pool and fund as of December 31, 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 (see note 4)	Total
International Stock Pool	\$ 81,173,622	-	-	696,102,779	-	-	-	777,276,401
U.S. Stock Pool	-	83,817,175	-	1,276,036,599	-	-	-	1,359,853,774
Small Company Stock Pool	-	-	77,790,975	510,878,429	-	-	-	588,669,404
All Other Pool	-	-	-	1,946,987,004	-	-	-	1,946,987,004
Income Fund	-	-	-	-	1,098,333,593	-	-	1,098,333,593
Xerox Stock Fund	-	-	-	-	-	141,057,632	-	141,057,632
Segregated Assets Fund	-	-	-	-	-	-	1,269,049	1,269,049
<b>Total</b>	<b>\$ 81,173,622</b>	<b>83,817,175</b>	<b>77,790,975</b>	<b>4,430,004,811</b>	<b>1,098,333,593</b>	<b>141,057,632</b>	<b>1,269,049</b>	<b>5,913,446,857</b>

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

(3) Master Trust (continued)

Investments in the Master Trust for all participating plans as of December 31, 1995 are as follows:

	International Stock Fund	U.S Stock Fund	Small Company Stock Fund	Balanced Fund	Income Fund	Xerox Stock Fund	Segregated Assets Fund (see note 4)	Total
Xerox Corporation Profit Sharing and Savings Plan	\$ 77,069,284	80,503,274	74,419,803	602,798,747	761,171,723	132,295,577	864,596	1,729,123,004
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.	4,104,338	3,313,901	3,371,172	39,083,944	94,522,635	8,762,055	85,695	153,243,740
Xerox Corporation Retirement Income Guarantee Plan	-	-	-	3,380,714,262	212,647,377	-	279,767	3,593,641,406
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.	-	-	-	406,958,302	29,991,858	-	38,991	436,989,151
XDS Investment Plan	-	-	-	449,556	-	-	-	449,556
<b>Total</b>	<b>\$ 81,173,622</b>	<b>83,817,175</b>	<b>77,790,975</b>	<b>4,430,004,811</b>	<b>1,098,333,593</b>	<b>141,057,632</b>	<b>1,269,049</b>	<b>5,913,446,857</b>

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

(3) Master Trust (continued)

Statement of Net Assets of the Master Trust as of December 31, 1994:

Assets	International Stock Pool	U.S Stock Pool	Small Company Stock Pool	All Other Pool	Income Fund	Xerox Stock Fund	Segregated Assets Fund (see note 4)	Total
Cash	\$ 3,148	9,097	45	18	-	-	-	12,308
Receivables:								
Accrued dividends	446,621	683,726	337,463	871,380	-	647,774	-	2,986,964
Accrued interest	33,924	532,682	267,210	13,031,739	6,729,148	11,142	-	20,605,845
Due from brokers	2,235,831	1,426,530	10,684,287	13,483,796	-	-	-	27,830,444
Total receivables	2,716,376	2,642,938	11,288,960	27,386,915	6,729,148	658,916	-	51,423,253
Investments at fair value:								
At market value:								
Short-term investments	9,009,966	41,792,714	68,793,635	332,087,600	52,220,697	2,713,608	-	506,618,220
Fixed income investments	673,386	18,912,572	-	484,053,271	226,745,618	-	-	720,384,847
Equity securities:								
Xerox common stock	-	-	-	-	-	89,619,651	-	89,619,651
Other	653,939,252	863,617,173	512,963,406	749,417,078	-	-	-	2,779,936,909
Investments at contract value:								
Investment contracts with insurance companies and banks	-	-	-	-	769,803,524	-	27,686,390	797,489,914
Interest in real estate trusts	-	-	-	163,723,180	-	-	-	163,723,180
Other investments	-	-	-	93,340,341	-	-	-	93,340,341
Total investments	663,622,604	924,322,459	581,757,041	1,822,621,470	1,048,769,839	92,333,259	27,686,390	5,161,113,062
Total assets	666,342,128	926,974,494	593,046,046	1,850,008,403	1,055,498,987	92,992,175	27,686,390	5,212,548,623
Due to brokers	3,048,676	7,664,546	1,942,416	27,119,404	-	1,357,626	-	41,132,668
Net assets	\$ 663,293,452	919,309,948	591,103,630	1,822,888,999	1,055,498,987	91,634,549	27,686,390	5,171,415,955

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

(3) Master Trust (continued)

The allocation of Master Trust investments by investment pool and fund as of December 31, 1994 is as follows:

	International Stock Fund	U.S Stock Fund	Small Company Stock Fund	Balanced Fund	Income Fund	Xerox Stock Fund	Segregated Assets Fund (see note 4)	Total
International Stock Pool	\$ 68,022,397	-	-	595,271,055	-	-	-	663,293,452
U.S. Stock Pool	-	39,275,076	-	880,034,872	-	-	-	919,309,948
Small Company Stock Pool	-	-	42,258,270	548,845,360	-	-	-	591,103,630
All Other Pool	-	-	-	1,822,888,999	-	-	-	1,822,888,999
Income Fund	-	-	-	-	1,055,498,987	-	-	1,055,498,987
Xerox Stock Fund	-	-	-	-	-	91,634,549	-	91,634,549
Segregated Assets Fund	-	-	-	-	-	-	27,686,390	27,686,390
<b>Total</b>	<b>\$ 68,022,397</b>	<b>39,275,076</b>	<b>42,258,270</b>	<b>3,847,040,286</b>	<b>1,055,498,987</b>	<b>91,634,549</b>	<b>27,686,390</b>	<b>5,171,415,955</b>



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

(3) Master Trust (continued)

Investments in the Master Trust for all participating plans as of December 31, 1994 are as follows:

	International Stock Fund	U.S Stock Fund	Small Company Stock Fund	Balanced Fund	Income Fund	Xerox Stock Fund	Segregated Assets Fund (see note 4)	Total
Xerox Corporation Profit Sharing and Savings Plan	\$ 64,667,885	37,945,778	40,828,765	479,095,378	723,861,153	86,228,355	18,971,989	1,451,599,303
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.	3,354,512	1,329,298	1,429,505	30,366,601	91,493,729	5,406,194	1,874,205	135,254,044
Xerox Corporation Retirement Income Guarantee Plan	-	-	-	2,966,903,954	208,810,260	-	5,989,417	3,181,703,631
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.	-	-	-	370,313,301	31,333,845	-	850,779	402,497,925
XDS Investment Plan	-	-	-	361,052	-	-	-	361,052
<b>Total</b>	<b>\$ 68,022,397</b>	<b>39,275,076</b>	<b>42,258,370</b>	<b>3,847,040,286</b>	<b>1,055,498,987</b>	<b>91,634,549</b>	<b>27,686,390</b>	<b>5,171,415,955</b>

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

(3) Master Trust (continued)

Statement of Changes in Net Assets of the Master Trust for the year ended December 31, 1995:

	International Stock Pool	U.S Stock Pool	Small Company Stock Pool	All Other Pool	Income Fund	Xerox Stock Fund	Segregated Assets Fund (see note 4)	Total
<b>Additions:</b>								
Transfers in	\$ 10,919,316	10,753,389	9,981,002	84,925,835	82,263,870	17,720,205	-	216,563,617
<b>Investment earnings:</b>								
Interest	797,053	3,551,707	2,697,288	76,515,170	75,080,721	68,860	-	158,710,799
Dividends	11,086,858	40,508,183	9,230,997	27,300,325	-	2,953,710	-	91,080,073
Net appreciation	103,304,225	291,258,259	100,229,056	242,818,178	10,799,345	36,855,487	-	785,264,550
Margin variation on futures contracts	955,499	242,881	-	25,280,953	(177,409)	-	-	26,301,924
Other	188,292	30,830	167,806	841,022	34,575	2,866	-	1,265,391
<b>Total investment earnings</b>	<b>116,331,927</b>	<b>335,591,860</b>	<b>112,325,147</b>	<b>372,755,648</b>	<b>85,737,232</b>	<b>39,880,923</b>	<b>-</b>	<b>1,062,622,737</b>
<b>Total additions</b>	<b>127,251,243</b>	<b>346,345,249</b>	<b>122,306,149</b>	<b>457,681,483</b>	<b>168,001,102</b>	<b>57,601,128</b>	<b>-</b>	<b>1,279,186,354</b>
<b>Deductions:</b>								
Administrative expenses	5,373,025	4,088,595	3,284,523	12,857,817	2,012,683	94,743	-	27,711,386
Transfers out	4,455,977	3,632,277	3,303,774	327,339,211	160,481,105	10,231,722	-	509,444,066
<b>Total deductions</b>	<b>9,829,002</b>	<b>7,720,872</b>	<b>6,588,297</b>	<b>340,197,028</b>	<b>162,493,788</b>	<b>10,326,465</b>	<b>-</b>	<b>537,155,452</b>
<b>Transfers between funds/pools</b>	<b>(3,439,292)</b>	<b>101,919,449</b>	<b>(118,152,078)</b>	<b>6,613,550</b>	<b>37,327,292</b>	<b>2,148,420</b>	<b>(26,417,341)</b>	<b>-</b>
<b>Net assets:</b>								
Beginning of year	\$663,293,452	919,309,948	591,103,630	1,822,888,999	1,055,498,987	91,634,549	27,686,390	5,171,415,955
<b>End of year</b>	<b>\$777,276,401</b>	<b>1,359,853,774</b>	<b>588,669,404</b>	<b>1,946,987,004</b>	<b>1,098,333,593</b>	<b>141,057,632</b>	<b>1,269,049</b>	<b>5,913,446,857</b>

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

(3) Master Trust (continued)

The allocation of net income from Master Trust investments, net of administrative expenses, by investment pool and fund for the year ended December 31, 1995:

	International Stock Fund	U.S Stock Fund	Small Company Stock Fund	Balanced Fund	Income Fund	Xerox Stock Fund	Total
International Stock Pool	\$10,942,675	-	-	100,016,227	-	-	100,958,902
U.S. Stock Pool	-	16,469,124	-	315,034,141	-	-	331,503,265
Small Company Stock Pool	-	-	11,827,943	97,212,681	-	-	109,040,624
All Other Pool	-	-	-	359,897,831	-	-	359,897,831
Income Fund	-	-	-	-	83,724,549	-	83,724,549
Xerox Stock Fund	-	-	-	-	-	39,786,180	39,786,180
Segregated Assets Fund	-	-	-	-	-	-	-
<b>Total</b>	<b>\$10,942,675</b>	<b>16,469,124</b>	<b>11,827,943</b>	<b>872,160,880</b>	<b>83,724,549</b>	<b>39,786,180</b>	<b>1,034,911,351</b>

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

(3) Master Trust (continued)

Net income from Master Trust investments, net of administrative expenses, for all participating plans for the year ended December 31, 1995:

	International Stock Fund	U.S Stock Fund	Small Company Stock Fund	Balanced Fund	Income Fund	Xerox Stock Fund	Total
Xerox Corporation Profit Sharing and Savings Plan	\$10,423,107	15,892,723	11,414,088	113,729,773	57,960,411	37,379,321	246,799,423
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.*	519,568	576,401	413,855	7,245,759	7,181,696	2,406,859	18,344,138
Xerox Corporation Retirement Income Guarantee Plan	-	-	-	699,131,478	16,272,638	-	685,404,116
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.	-	-	-	81,984,094	2,309,804	-	84,293,898
XDS Investment Plan	-	-	-	69,776	-	-	69,776
<b>Total</b>	<b>\$10,972,675</b>	<b>16,469,124</b>	<b>11,827,943</b>	<b>872,160,880</b>	<b>83,724,549</b>	<b>39,786,180</b>	<b>1,034,911,351</b>

\*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.

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

(3) Master Trust (continued)

Statement of Changes in Net Assets of the Master Trust for the year ended December 31, 1994:

	International Stock Pool	U.S Stock Pool	Small Company Stock Pool	All Other Pool	Income Fund	Xerox Stock Fund	Segregated Assets Fund (see note 4)	Total
<b>Additions:</b>								
Transfers in	\$ 11,553,765	8,122,564	6,987,403	127,619,433	72,701,254	9,380,959	-	236,365,378
Investment earnings:								
Interest	12,145	1,949,452	1,131,681	67,938,487	72,446,366	57,426	-	143,535,557
Dividends	9,106,518	31,651,521	18,577,981	25,163,430	-	2,269,628	-	86,769,078
Net appreciation (depreciation)	(39,257,213)	(41,485,157)	6,093,049	(93,044,732)	(3,223,805)	5,978,104	-	(164,939,754)
Other	(480,965)	33,815	56,565	118,626	276,363	-	-	4,404
<b>Total</b>	<b>(30,619,515)</b>	<b>(7,850,369)</b>	<b>25,859,276</b>	<b>175,811</b>	<b>69,498,924</b>	<b>8,305,158</b>	<b>-</b>	<b>65,369,285</b>
<b>Total additions</b>	<b>(19,065,750)</b>	<b>272,195</b>	<b>32,846,679</b>	<b>127,795,244</b>	<b>142,200,178</b>	<b>17,686,117</b>	<b>-</b>	<b>301,734,663</b>
<b>Deductions:</b>								
Administrative expenses	4,074,596	3,744,502	3,776,084	14,169,577	1,883,726	63,378	-	27,711,863
Transfers out	5,022,659	2,280,352	2,291,424	255,504,460	138,968,228	7,209,639	-	411,276,762
Total deductions	9,097,255	6,024,854	6,067,508	269,674,037	140,851,954	7,273,017	-	438,988,625
Transfers between funds/pools	11,805,631	(43,544,663)	(12,823,122)	33,702,115	32,302,896	16,459,916	(37,902,773)	-
Transfers from other plans - XES, Inc. Employee Retirement Plan	-	-	-	438,524	-	-	-	438,524
<b>Net assets:</b>								
Beginning of year	\$679,650,826	968,607,270	577,147,581	1,930,627,153	1,021,847,867	64,761,533	65,589,163	5,308,231,393
End of year	\$663,293,452	919,309,948	591,103,630	1,822,888,999	1,055,498,987	91,634,549	27,686,390	5,171,415,955

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

(3) Master Trust (continued)

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, 1994:

	International Stock Fund	U.S Stock Fund	Small Company Stock Fund	Balanced Fund	Income Fund	Xerox Stock Fund	Total
International Stock Pool	\$(3,808,376)	-	-	(30,885,735)	-	-	(34,694,111)
U.S. Stock Pool	-	(515,834)	-	(11,079,037)	-	-	(11,594,871)
Small Company Stock Pool	-	-	1,343,142	20,740,050	-	-	22,083,192
All Other Pool	-	-	-	(13,993,766)	-	-	(13,993,766)
Income Fund	-	-	-	-	67,615,198	-	67,615,198
Xerox Stock Fund	-	-	-	-	-	8,241,780	8,241,780
Total	\$(3,808,376)	(515,834)	1,343,142	(35,218,488)	67,615,198	8,241,780	37,657,422

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

(3) Master Trust (continued)

Net income (loss) from Master Trust investments, net of administrative expenses, for all participating plans for the year ended December 31, 1994:

	International Stock Fund	U.S Stock Fund	Small Company Stock Fund	Balanced Fund	Income Fund	Xerox Stock Fund	Total
Xerox Corporation Profit Sharing and Savings Plan	\$(3,606,027)	(491,403)	1,308,846	(4,303,058)	46,619,642	7,813,834	47,341,834
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.*	(202,349)	(24,431)	34,296	(290,849)	5,689,437	427,946	5,634,050
Xerox Corporation Retirement Income Guarantee Plan	-	-	-	(27,190,008)	13,183,761	-	(14,006,247)
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.	-	-	-	(3,423,714)	2,122,358	-	(1,301,356)
XDS Investment Plan	-	-	-	(10,859)	-	-	(10,859)
<b>Total</b>	<b>\$(3,808,376)</b>	<b>(515,834)</b>	<b>1,343,142</b>	<b>(35,218,488)</b>	<b>67,615,198</b>	<b>8,241,780</b>	<b>37,657,422</b>

\*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.

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

(3) Master Trust (continued)

With respect to the Plan, the Joint Administrative Board (JAB) is responsible for establishing investment guidelines, reviewing the investment decisions and reviewing investment results. The JAB consists at present of five 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. 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 December 31, 1995 and 1994 were 6.9% and 6.7%, respectively.
- (ii) The crediting interest rates at December 31, 1995 and 1994 ranged from 5.0% to 9.3% and from 4.2% to 10.2%, respectively.
- (iii) The fair value, as determined by discounting future cash flows and the market value of underlying investments, at December 31, 1995 and 1994 was \$772,781,602 and \$813,486,486, respectively. Contract values were \$756,873,345 and \$797,489,914 at December 31, 1995 and 1994, respectively.

The Master Trust invests in real estate group trusts. These trusts provide pension and profit sharing plans with a medium for pooling their funds for investment in income producing real estate. The group 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.



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

(3) Master Trust (continued)

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

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

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

The net appreciation (depreciation) of investments for the year ended December 31, 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	\$ (455,516)	1,871,329	-	63,009,046	10,799,345	-	75,224,204
Xerox common stock	-	-	-	-	-	36,855,487	36,855,487
Other equity investments	103,759,741	289,386,930	100,229,056	168,529,561	-	-	661,905,288
Investments at estimated fair value:							
Real estate	-	-	-	(5,348,896)	-	-	(5,348,896)
Other investments	-	-	-	16,628,467	-	-	16,628,467
Total	\$103,304,225	291,258,259	100,229,056	242,818,178	10,799,345	36,855,487	785,264,550

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

(3) Master Trust (continued)

The net appreciation (depreciation) of investments for the year ended December 31, 1994 is as follows:

	U.S. International Stock Pool	Small Stock Pool	Company Stock Pool	All Other Pool	Balanced Fund	Xerox Stock Fund	Total
Investments at fair value:							
Short-term and fixed income investments	\$ (46,924)	(903,095)	-	(71,758,503)	(3,223,805)	-	(75,932,327)
Xerox common stock	-	-	-	-	-	5,978,104	5,978,104
Other equity investments	(39,210,289)	(40,582,062)	6,093,049	(8,446,013)	-	-	(82,145,315)
Investments at estimated fair value:							
Real estate	-	-	-	(2,077,711)	-	-	(2,077,711)
Other investments	-	-	-	(10,762,505)	-	-	(10,762,505)
Total	\$(39,257,213)	(41,485,157)	6,093,049	(93,044,732)	(3,223,805)	5,978,104	(164,939,754)

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

Other investments consist primarily of private placement limited partnerships.

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

On April 11, 1991, the California Department of Insurance (CDI) took over Executive Life Insurance Company (ELIC) citing a "serious danger of insolvency" and temporarily suspended all payments on Guaranteed Investment Contracts (GICs) issued by ELIC. Effective April 1, 1991, in order to treat all participants fairly, the affected assets were transferred into a Segregated Assets Fund which will not be available for loans, transfers, withdrawals or distributions until the situation has been resolved.

The Xerox retirement and savings plans have received \$64.3 million in payments related to the ELIC investments through December 31, 1995. Subsequent to December 31, 1995, all investments in the fund have been recovered.

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

(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 and 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 during the year ended December 31, 1995 was as follows:

International Fund	U.S Stock Fund	Small Co. Fund	Balanced Fund	Income Fund	Xerox Stock Fund
Units Outstanding	Unit Value	Units Outstanding	Unit Value	Units Outstanding	Unit Value
January 31:					
3,169,561	\$1.018130	1,329,325	\$1.029036	1,327,320	\$1.077083
February 28:					
3,035,577	1.019070	1,334,593	1.067032	1,322,355	1.112642
March 31:					
2,983,408	1.041911	1,344,743	1.092511	1,384,677	1.148665
April 30:					
2,949,175	1.078100	1,464,590	1.117114	1,455,388	1.169514
May 31:					
2,879,621	1.101337	1,494,621	1.157223	1,495,823	1.186400
June 30:					
2,908,216	1.107386	1,568,770	1.183467	1,601,530	1.245101
July 31:					
2,960,759	1.181317	1,645,662	1.220654	1,666,186	1.317888
August 31:					
3,003,841	1.171576	1,857,052	1.226346	1,716,908	1.341249
September 30:					
3,058,124	1.199565	2,071,657	1.268495	1,867,106	1.372466
October 31:					
3,211,091	1.186678	2,146,919	1.256804	2,118,264	1.304997
November 30:					
3,239,333	1.205377	2,258,750	1.310500	2,260,207	1.344355
December 31:					
3,280,879	1.253083	2,472,696	1.341163	2,490,481	1.354599

The Segregated Assets Fund had 257,331 units outstanding and a net asset value of \$85,695 at December 31, 1995.

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

(5) Unit Values (continued)

The total number of units and net asset value per unit outstanding during the year ended December 31, 1994 was as follows:

International Fund		U.S Stock Fund		Small Co. Fund		Balanced Fund		Income Fund		Xerox Stock Fund	
Units Outstanding	Unit Value	Units Outstanding	Unit Value	Units Outstanding	Unit Value	Units Outstanding	Unit Value	Units Outstanding	Unit Value	Units Outstanding	Unit Value
January 31:											
1,882,767	\$1.200894	1,096,317	\$1.056652	558,769	\$1.093340	3,197,136	\$9.592572	15,901,851	\$5.314789	920,211	\$3.969112
February 28:											
2,107,201	1.154608	1,113,299	1.028188	613,488	1.090478	3,242,491	9.404461	15,666,537	5.343498	916,156	3.955156
March 31:											
2,744,702	1.097568	1,299,804	0.982281	810,343	1.039180	3,417,570	9.023587	15,854,715	5.377876	943,386	3.896747
April 30:											
2,800,004	1.110907	1,291,307	0.993102	942,041	1.048419	3,511,615	9.063770	15,941,182	5.410052	975,011	4.029895
May 31:											
2,849,471	1.127810	1,344,330	1.009099	1,085,064	1.041191	3,531,999	9.115321	16,358,152	5.445251	971,341	4.127161
June 30:											
2,969,745	1.088512	1,384,781	0.975550	1,252,971	1.010557	3,536,665	8.912855	16,326,184	5.473619	1,036,525	4.017794
July 31:											
2,970,762	1.131318	1,330,087	1.002377	1,152,342	1.032664	3,545,985	9.126801	16,327,289	5.506708	1,096,176	4.199496
August 31:											
3,050,493	1.166434	1,298,434	1.041777	1,119,629	1.092222	3,542,581	9.407529	16,374,660	5.538935	1,096,996	4.427932
September 30:											
3,140,377	1.129260	1,375,471	1.020149	1,170,077	1.091694	3,466,653	9.282228	16,475,920	5.564242	1,160,394	4.414350
October 31:											
3,185,603	1.146509	1,325,810	1.037980	1,187,931	1.104301	3,477,835	9.368682	16,488,958	5.594922	1,205,467	4.235975
November 30:											
3,236,921	1.102678	1,344,644	0.995463	1,256,736	1.073036	3,405,183	9.129961	16,283,629	5.611793	1,275,363	4.089238
December 31:											
3,127,109	1.075880	1,356,979	1.004770	1,289,877	1.089892	3,366,467	9.166254	16,161,994	5.640873	1,328,103	4.116633

The Segregated Assets Fund had 5,623,391 units outstanding and a net asset value of \$1,874,205 at December 31, 1994.

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

(6) Reconciliation of Financial Statements to Form 5500

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

	December 31	
	1995	1994
Net assets available for plan benefits as reported in the Plan financial statements	\$166,243,458	\$147,216,175
Benefit claims payable reported on line 31g of Form 5500	(1,875,933)	(884,395)
Net assets available for plan benefits as reported in the Plan Form 5500	164,367,525	146,331,780

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

	December 31	
	1995	1994
Benefits paid to participants as reported in the Plan financial statements	\$18,024,723	12,237,610
Add: Amounts allocated to withdrawing participants at December 31	1,875,933	884,395
Less: Amounts allocated to withdrawing participants at December 31, 1994 and 1993, respectively	(884,395)	(363,557)
Benefits paid to participants as reported in the Form 5500	19,016,261	12,758,448

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.

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

(7) AMTX, Inc.

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

(8) Subsequent Event

In January, 1996, the Board of Directors approved a three-for-one stock split of the Company's common stock, subject to shareholder approval of an increase in the number of authorized shares from 350 million shares to 1,050 million shares. Pending shareholder approval, this action will become effective shortly after the 1996 annual shareholders' meeting. The stock split will not impact participants' interest in the Xerox Stock Fund.

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.

Item 27a - Schedule of Assets Held for Investment Purposes

December 31, 1995

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	(1)	\$ 130,567,572	153,243,740
Investment in Employees' Loans	Loans to Plan participants, maturity dates through 5/31/09, interest rates from 7.5% to 11.5% per annum.	-	10,139,531

(1) See note 3.

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, 1995 and 1994, 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, 1995 and 1994, and the changes in those 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 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 statement of changes in the 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  
May 10, 1996



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 Statement (No. 2-86275) on Form S-8 of Xerox Corporation of our report dated May 10, 1996, 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. (Plan) as of December 31, 1995 and 1994, and the related statements of changes in net assets available for plan benefits for the years then ended, which report appears in the December 31, 1995 Annual Report on Form 11-K of the Xerox Corporation Profit Sharing and Savings Plan.

KPMG PEAT MARWICK

Rochester, New York  
June 27, 1996