

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, 1994

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, A.C.T.W.U., A.F.L.- C.I.O.

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, A.C.T.W.U., A.F.L.- C.I.O.

Patricia M. Nazemetz

Stamford, Connecticut  
Dated June 26, 1995

2

THE PROFIT SHARING PLAN OF XEROX CORPORATION AND  
THE XEROGRAPHIC DIVISION, A.C.T.W.U., A.F.L.- C.I.O.

Financial Statements and Schedule

December 31, 1994 and 1993

(With Independent Auditors' Report Thereon)

THE PROFIT SHARING PLAN OF XEROX CORPORATION AND  
THE XEROGRAPHIC DIVISION, A.C.T.W.U., A.F.L. - C.I.O.

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, A.C.T.W.U., A.F.L.- C.I.O.

Statement of Net Assets Available for Plan Benefits  
with Fund Information

December 31, 1993

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	\$ 42,757	23,500	17,657	571,453	1,384,492	63,978	-	-	2,103,837
Investment in employees' loans	\$ -	-	-	-	-	-	-	7,897,396	7,897,396
Investment in Master Trust	1,535,567	1,005,105	514,484	29,553,131	85,285,984	3,586,309	4,439,982	-	125,920,562
Other	-	-	-	-	13,118	-	-	-	13,118
<b>Total assets</b>	<b>1,578,324</b>	<b>1,028,605</b>	<b>532,141</b>	<b>30,124,584</b>	<b>86,683,594</b>	<b>3,650,287</b>	<b>4,439,982</b>	<b>7,897,396</b>	<b>135,934,913</b>
<b>Liabilities:</b>									
Accrued expenses and other liabilities	819	553	379	40,629	-	206	-	-	42,586
Due from (to) other funds	565,857	99,126	61,025	144,090	(830,829)	(276,730)	-	237,461	-
<b>Net assets available for plan benefits</b>	<b>\$ 2,143,362</b>	<b>1,127,178</b>	<b>592,787</b>	<b>30,228,045</b>	<b>85,852,765</b>	<b>3,373,351</b>	<b>4,439,982</b>	<b>8,134,857</b>	<b>135,892,327</b>

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

THE PROFIT SHARING PLAN OF XEROX CORPORATION AND  
THE XEROGRAPHIC DIVISION, A.C.T.W.U., A.F.L. - C.I.O.  
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	394,279 427,584	204,052 220,392	157,440 180,252	3,676,059 5,097,856	9,395,921 10,892,758	478,178 604,262	- -	- -	14,305,929 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)	1,065,761	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	135,892,327
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	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, A.C.T.W.U., A.F.L.- C.I.O.

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

Year ended December 31, 1993

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	\$ 42,757	23,500	17,657	566,953	1,383,897	-	-	-	2,034,764
Employees- voluntary	44,079 86,836	44,192 67,692	27,581 45,238	3,776,664 4,343,617	9,981,970 11,365,867	535,206 535,206	- -	- -	14,409,692 16,444,456
Net income from Master Trust investments, net of administrative expenses	120,598	13,176	18,120	3,680,861	5,980,841	484,171	-	-	10,297,767
Interest income on employees' loans	-	-	-	-	-	-	-	625,629	625,629
Total	207,434	80,868	63,358	8,024,478	17,346,708	1,019,377	-	625,629	27,367,852
Benefit payments	(99)	(427)	(71)	(1,219,878)	(5,082,107)	(138,662)	-	-	(6,441,244)
Transfers among funds	1,936,027	1,046,737	529,500	1,075,935	(4,889,967)	(684,029)	-	985,797	-
Transfer from Xerox Corporation Profit Sharing and Savings Plan	-	-	-	(2,026)	-	2,766	-	-	740
Transfer to Xerox Retirement Income Guarantee Plan and Retirement Income Guarantee Plan of Xerox Corporation and The Xerographic Division, A.C.T.W.U, A.F.L.-C.I.O. segregated assets fund	-	-	-	-	-	-	(104,810)	-	(104,810)
Net increase (decrease) in net assets available for plan benefits	2,143,362	1,127,178	592,787	7,878,509	7,374,634	199,452	(104,810)	1,611,426	20,822,538
Net assets available for plan benefits:									
Beginning of year	-	-	-	22,349,536	78,478,131	3,173,899	4,544,792	6,523,431	115,069,789
End 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	135,892,327

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

THE PROFIT SHARING PLAN OF XEROX CORPORATION AND  
THE XEROGRAPHIC DIVISION, A.C.T.W.U., A.F.L. - C.I.O.

Notes to Financial Statements

December 31, 1994 and 1993

(1) Description of Plan

The following description of the Profit Sharing Plan of Xerox Corporation and The Xerographic Division, A.C.T.W.U., A.F.L. - C.I.O. (Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan covering substantially all domestic full and part-time A.C.T.W.U., A.F.L. - C.I.O. 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 an annuity payable from a legal reserve life insurance company.

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- and after-tax payroll deductions. (The maximum before-tax contribution for the 1994 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 1.4% of annual pay.

Xerox Optional Profit Sharing Contributions

Eligible employees may receive an optional profit sharing contribution from the sponsor. The contribution ranges from zero to 10% of pay and is based upon the return on assets (ROA) of the Xerox Document Processing industry segment as defined in the Plan document. An employee may receive the contribution in cash or Xerox Corporation common stock, or may elect to invest all or part of the contribution on a tax deferred basis, subject to limits imposed by the Internal Revenue Code, through the Plan's investment funds. Employees are immediately vested in optional profit sharing contributions.

During 1994, the sponsor's ROA was 16%, which resulted in an optional profit sharing contribution for all eligible active employees at December 31, 1994 equal to 9.1% of pay or \$3,051,068.



THE PROFIT SHARING PLAN OF XEROX CORPORATION AND  
THE XEROGRAPHIC DIVISION, A.C.T.W.U., A.F.L.- C.I.O.

Notes to Financial Statements

(1) Description of Plan (continued)

During 1993, 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 1993.

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.

Small Company Stock Fund -- Invests primarily in stocks of smaller U.S. companies normally those representing the smallest 20% of the broad stock market, based on market capitalization.

Balanced Fund -- Invests in a variety of stocks, bonds, convertible securities and money market instruments, emphasizing the common stock of many different companies. Other investments also include real estate and private placements.

Income Fund -- Invests in investment contracts with insurance companies and banks, government and corporate bonds, mortgage-backed securities and money market instruments.

Xerox Stock Fund -- Invests exclusively in Xerox Corporation common stock and some short-term cash equivalents.

THE PROFIT SHARING PLAN OF XEROX CORPORATION AND  
THE XEROGRAPHIC DIVISION, A.C.T.W.U., A.F.L.- C.I.O.

Notes to Financial Statements

(1) Description of Plan (continued)

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 the loan is made 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, 1994, 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 July 28, 1986, covering Plan amendments through October 11, 1985, indicating that the Plan, as designed, was in compliance with the applicable requirements of the Internal Revenue Code. Since receiving the determination letter, the Plan has been fully amended to conform with qualification requirements enacted by the Tax Reform Act of 1986 and Omnibus Budget Reconciliation Act of 1993. The Plan, as amended, has recently been submitted to the IRS for a new determination letter. 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 actual distributions under the Plan.

THE PROFIT SHARING PLAN OF XEROX CORPORATION AND  
THE XEROGRAPHIC DIVISION, A.C.T.W.U., A.F.L.- C.I.O.

Notes to Financial Statements

(3) Master Trust

As discussed in note 1, the Plan participates in the Master Trust. The following other Xerox Corporation employee benefit plans also participate in the Master Trust as of December 31, 1994:

Xerox Corporation Profit Sharing and Savings Plan;

Xerox Corporation Retirement Income Guarantee Plan;

Retirement Income Guarantee Plan of Xerox Corporation  
and The Xerographic Division, A.C.T.W.U.,  
A.F.L.-C.I.O.; and

XDS Investment Plan.

Effective September 30, 1993, the Master Trust (and the Plan) was amended to permit the General Fund to be split into four investment pools: International Stock Pool, U.S. Stock Pool, Small Company Stock Pool and All Other Pool. The Balanced Fund (formerly the General Fund) participates in each of the four investment pools.

The Master Trust has six investment options -- 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 accounts. Each of the plans has an ownership interest in one or more of these investment accounts and shares in the investment results of the account(s) 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 accounts:

THE PROFIT SHARING PLAN OF XEROX CORPORATION AND  
THE XEROGRAPHIC DIVISION, A.C.T.W.U., A.F.L. - C.I.O.

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	-	2,986,834
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
Investment contracts with insurance companies and banks	-	-	-	-	769,803,524	-	27,686,390	797,489,914
Real estate	-	-	-	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, A.C.T.W.U., A.F.L.- C.I.O.

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
Total	\$ 68,022,397	39,275,076	42,258,270	3,847,040,286	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, A.C.T.W.U., A.F.L.- C.I.O.

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, A.C.T.W.U., A.F.L.-C.I.O.	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, A.C.T.W.U., A.F.L.-C.I.O.	-	-	-	370,313,301	31,333,845	-	850,779	402,497,925
XDS Investment Plan	-	-	-	361,052	-	-	-	361,052
Total	\$ 68,022,397	39,275,076	42,258,370	3,847,040,286	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, A.C.T.W.U., A.F.L. - C.I.O.

Notes to Financial Statements

(3) Master Trust (continued)

Statement of Net Assets of the Master Trust as of December 31, 1993:

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	\$ 1,942,826	-	-	-	-	-	-	1,942,826
Receivables:								
Accrued dividends	251,855	697,518	395,186	936,670	-	554,763	-	2,835,992
Accrued interest	29,889	235,163	4,228	9,938,366	6,313,465	353	-	16,521,464
Due from brokers	11,614,323	17,205,341	5,601,972	16,672,715	-	948,786	-	52,043,137
Total receivables	11,896,067	18,138,022	6,001,386	27,547,751	6,313,465	1,503,902	-	71,400,593
Investments at fair value:								
At market value:								
Short-term investments	61,657,136	94,327	3,127,738	156,203,122	4,457,300	282,755	9,849,886	235,672,264
Fixed income investments	441,256	11,622,890	-	688,564,203	-	-	-	700,628,349
Equity securities:								
Xerox common stock	-	-	-	-	-	62,974,876	-	62,974,876
Other	638,472,369	953,182,594	572,126,612	833,097,670	-	-	-	2,996,879,245
Investment contracts with insurance companies and banks	-	-	-	-	1,011,077,102	-	55,739,277	1,066,816,379
At estimated fair value:								
Real estate	-	-	-	176,749,209	-	-	-	176,749,209
Other investments	-	-	-	86,263,104	-	-	-	86,263,104
Total investments	700,570,761	964,899,811	575,254,350	1,940,877,308	1,015,534,402	63,257,631	65,589,163	5,325,983,426
Total assets	714,409,654	983,037,833	581,255,736	1,968,425,059	1,021,847,867	64,761,533	65,589,163	5,399,326,845
Due to brokers	34,758,828	14,430,563	4,108,155	37,797,906	-	-	-	91,095,452
Net assets	\$ 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

THE PROFIT SHARING PLAN OF XEROX CORPORATION AND  
THE XEROGRAPHIC DIVISION, A.C.T.W.U., A.F.L. - C.I.O.

Notes to Financial Statements

(3) Master Trust (continued)

Investments in the Master Trust for all participating plans as of December 31, 1993 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
International Stock Pool	\$ 35,007,301	-	-	644,643,525	-	-	-	679,650,826
U.S. Stock Pool	-	27,113,584	-	941,493,686	-	-	-	968,607,270
Small Company Stock Pool	-	-	22,474,838	554,672,743	-	-	-	577,147,581
All Other Pool	-	-	-	1,930,627,153	-	-	-	1,930,627,153
Income Fund	-	-	-	-	1,021,847,867	-	-	1,021,847,867
Xerox Stock Fund	-	-	-	-	-	64,761,533	-	64,761,533
Segregated Assets Fund	-	-	-	-	-	-	65,589,163	65,589,163

Total	\$ 35,007,301	27,113,584	22,474,838	4,071,437,107	1,021,847,867	64,761,533	65,589,163	5,308,231,393
-------	---------------	------------	------------	---------------	---------------	------------	------------	---------------



THE PROFIT SHARING PLAN OF XEROX CORPORATION AND  
THE XEROGRAPHIC DIVISION, A.C.T.W.U., A.F.L.- C.I.O.

Notes to Financial Statements

(3) Master Trust (continued)

Investments in the Master Trust for all participating plans as of December 31, 1993 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	\$ 33,471,734	26,108,479	21,960,354	495,330,317	713,563,009	61,175,224	44,944,784	1,396,553,901
The Profit Sharing Plan of Xerox Corporation and The Xerographic Division, A.C.T.W.U., A.F.L.-C.I.O.	1,535,567	1,005,105	514,484	29,553,131	85,285,984	3,586,309	4,439,982	125,920,562
Xerox Corporation Retirement Income Guarantee Plan	-	-	-	3,142,405,312	191,354,048	-	14,188,905	3,347,948,265
Retirement Income Guarantee Plan of Xerox Corporation and The Xerographic Division, A.C.T.W.U., A.F.L.-C.I.O.	-	-	-	403,734,978	31,644,826	-	2,015,492	437,395,296
XDS Investment Plan	-	-	-	413,369	-	-	-	413,369
Total	\$ 35,007,301	27,113,584	22,474,838	4,071,437,107	1,021,847,867	64,761,533	65,589,163	5,308,231,393

THE PROFIT SHARING PLAN OF XEROX CORPORATION AND  
THE XEROGRAPHIC DIVISION, A.C.T.W.U., A.F.L.- C.I.O.

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	(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, A.C.T.W.U., A.F.L.- C.I.O.

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, 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, A.C.T.W.U., A.F.L.- C.I.O.

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, 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	\$(3,606,028)	(491,403)	1,308,846	(4,303,058)	46,619,642	7,813,835	47,341,834
The Profit Sharing Plan of Xerox Corporation and The Xerographic Division, A.C.T.W.U., A.F.L.-C.I.O. *	(202,348)	(24,431)	34,296	(290,849)	5,689,437	427,945	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, A.C.T.W.U., A.F.L.-C.I.O.	-	-	-	(3,423,714)	2,122,358	-	(1,301,356)
XDS Investment Plan	-	-	-	(10,859)	-	-	(10,859)
Master Trust investment income, net of administrative expenses	\$(3,808,376)	(515,834)	1,343,142	(35,218,488)	67,615,198	8,241,780	37,657,422

\*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, A.C.T.W.U., A.F.L.- C.I.O.

Notes to Financial Statements

(3) Master Trust (continued)

Statement of Changes in Net Assets of the Master Trust for the year ended December 31, 1993:

	International Stock Pool	U.S Stock Pool	Small Company Stock Pool	All Other Pool	General Fund	Income Fund	Xerox Stock Fund	Segregated Assets Fund (see note 4)	Total
<b>Additions:</b>									
Transfers in \$	1,380,797	1,384,937	1,009,310	17,677,033	114,418,557	93,292,693	11,050,570	-	240,213,897
<b>Investment earnings:</b>									
Interest	76,819	280,179	28,140	14,892,033	36,340,417	75,931,530	24,691	-	127,573,809
Dividends	1,388,456	14,421,509	1,949,837	7,894,517	51,606,508	-	2,274,605	-	79,535,432
Net appreciation	77,951,301	1,192,606	22,034,883	19,575,448	314,139,075	-	6,944,246	-	441,837,559
Other	(139,815)	51,563	1,326	(650,360)	13,952,675	95	652	-	13,216,136
<b>Total</b>	<b>79,276,761</b>	<b>15,945,857</b>	<b>24,014,186</b>	<b>41,711,638</b>	<b>416,038,675</b>	<b>75,931,625</b>	<b>9,244,194</b>	<b>-</b>	<b>662,162,936</b>
<b>Total additions</b>	<b>80,657,558</b>	<b>17,330,794</b>	<b>25,023,496</b>	<b>59,388,671</b>	<b>530,457,232</b>	<b>169,224,318</b>	<b>20,294,764</b>	<b>-</b>	<b>902,376,833</b>
<b>Deductions:</b>									
Administrative expenses	23,909	2,958	2,311	7,776,116	9,204,309	1,148,214	71,308	-	18,229,125
Transfers out	52,161	57,276	49,192	26,358,810	86,982,599	85,029,190	5,189,019	-	203,718,247
<b>Total deductions</b>	<b>76,070</b>	<b>60,234</b>	<b>51,503</b>	<b>34,134,926</b>	<b>96,186,908</b>	<b>86,177,404</b>	<b>5,260,327</b>	<b>-</b>	<b>221,947,372</b>
<b>Transfers between funds/pools</b>	<b>599,069,338</b>	<b>951,336,710</b>	<b>552,175,588</b>	<b>1,905,373,408</b>	<b>(3,958,073,603)</b>	<b>(42,164,303)</b>	<b>(7,717,138)</b>	<b>-</b>	<b>-</b>
<b>Transfer from other plans - XES, Inc. Employee Retirement Plan</b>									
	-	-	-	-	18,835	-	-	-	18,835
<b>Net assets:</b>									
Beginning of year	-	-	-	-	3,523,784,444	980,965,256	57,444,234	65,589,163	4,627,783,097
<b>End of year</b>	<b>\$679,650,826</b>	<b>968,607,270</b>	<b>577,147,581</b>	<b>1,930,627,153</b>	<b>-</b>	<b>1,021,847,867</b>	<b>64,761,533</b>	<b>65,589,163</b>	<b>5,308,231,393</b>

THE PROFIT SHARING PLAN OF XEROX CORPORATION AND  
THE XEROGRAPHIC DIVISION, A.C.T.W.U., A.F.L. - C.I.O.

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, 1993:

	International Stock Fund	U.S Stock Fund	Small Company Stock Fund	Balanced Fund	Income Fund	Xerox Stock Fund	Total
International Stock Pool	\$2,326,781	-	-	76,926,071	-	-	79,252,852
U.S. Stock Pool	-	305,098	-	15,637,801	-	-	15,942,899
Small Company Stock Pool	-	-	768,657	23,243,218	-	-	24,011,875
All Other Pool	-	-	-	33,935,522	-	-	33,935,522
General Fund	-	-	-	406,834,366	-	-	406,834,366
Income Fund	-	-	-	-	74,783,411	-	74,783,411
Xerox Stock Fund	-	-	-	-	-	9,172,886	9,172,886
Total	\$2,326,781	305,098	768,657	556,576,978	74,783,411	9,172,886	643,933,811

THE PROFIT SHARING PLAN OF XEROX CORPORATION AND  
THE XEROGRAPHIC DIVISION, A.C.T.W.U., A.F.L.- C.I.O.

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, 1993:

	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	\$2,206,183	291,922	750,537	67,686,667	52,720,351	8,688,715	132,344,375
The Profit Sharing Plan of Xerox Corporation and The Xerographic Division, A.C.T.W.U., A.F.L.-C.I.O.	120,598	13,176	18,120	3,680,861	5,980,841	484,171	10,297,767
Xerox Corporation Retirement Income Guarantee Plan	-	-	-	429,991,828	13,844,932	-	443,836,760
Retirement Income Guarantee Plan of Xerox Corporation and The Xerographic Division, A.C.T.W.U., A.F.L.-C.I.O.	-	-	-	55,159,534	2,237,287	-	57,396,821
XDS Investment Plan	-	-	-	58,088	-	-	58,088
Master Trust investment income, net of administrative expenses	\$2,326,781	305,098	768,657	556,576,978	74,783,411	9,172,886	643,933,811

XEROX CORPORATION  
PROFIT SHARING AND SAVINGS PLAN

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. 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, 1994 and 1993 were 6.7% and 7.6%, respectively.
- (ii) The crediting interest rates at December 31, 1994 and 1993 ranged from 4.2% to 10.2% and from 5.2% and 9.7%, respectively.
- (iii) The fair value, as determined by discounting future cash flows and the market value of underlying investments, at December 31, 1994 and 1993 was approximately \$813,486,486 and \$1,049,000,000, 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.

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.

Derivative financial instruments are used by the Master Trust's 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. 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. Including the foreign exchange forward contracts, less than 5% of the Master Trust's assets are invested in non-exchange traded derivatives at December 31, 1994. The use of derivative instruments is not believed to materially increase the credit or market risk of the Master Trust's investments.



THE PROFIT SHARING PLAN OF XEROX CORPORATION AND  
THE XEROGRAPHIC DIVISION, A.C.T.W.U., A.F.L.- C.I.O.

Notes to Financial Statements

(3) Master Trust (continued)

The net appreciation (depreciation) of investments for the year ended December 31, 1994 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	\$ (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)

The net appreciation (depreciation) of investments for the year ended December 31, 1993 is as follows:

	International Stock Pool	U.S. Stock Pool	Small Company Stock Pool	All Other Pool	Balanced Fund	Xerox Stock Fund	Total
Investments at fair value:							
Short-term and fixed income investments	\$ 575,715	24,845	28,865	5,627,388	45,594,808	-	51,851,621
Xerox common stock	-	-	-	-	-	6,944,246	6,944,246
Other equity investments	77,375,586	1,167,761	22,006,018	14,049,775	269,349,181	-	383,948,321
Investments at estimated fair value:							
Real estate	-	-	-	(459,910)	(3,639,476)	-	(4,099,386)
Other investments	-	-	-	358,195	2,834,562	-	3,192,757
Total	\$ 77,951,301	1,192,606	22,034,883	19,575,448	314,139,075	6,944,246	441,837,559

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

THE PROFIT SHARING PLAN OF XEROX CORPORATION AND  
THE XEROGRAPHIC DIVISION, A.C.T.W.U., A.F.L.- C.I.O.

Notes to Financial Statements

(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.

Based on documents filed in the court by the California Commissioner of Insurance, Xerox estimates that a substantial amount of the ELIC investment in the Segregated Assets Fund balance should be recovered. The Xerox retirement and savings plans have received \$37.9 million in payments relating to the ELIC investments through December 31, 1994. Additional payments are payable through 1998.

(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) by units outstanding at the valuation date.

THE PROFIT SHARING PLAN OF XEROX CORPORATION AND  
THE XEROGRAPHIC DIVISION, A.C.T.W.U., A.F.L.- C.I.O.

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	Unit	Units	Unit	Units	Unit	Units	Unit	Units	Unit	Units	Unit
	Outstanding	Value	Outstanding	Value	Outstanding	Value	Outstanding	Value	Outstanding	Value	Outstanding	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 5,623,390.699 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, A.C.T.W.U., A.F.L.- C.I.O.

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, 1993 was as follows:

	International Fund Units Outstanding	Fund Unit Value	U.S Stock Units Outstanding	Fund Unit Value	Small Co. Units Outstanding	Fund Unit Value	Balanced Units Outstanding	Fund Unit Value	Income Fund Units Outstanding	Fund Unit Value	Xerox Stock Units Outstanding	Fund Unit Value
January 31:	N/A	N/A	N/A	N/A	N/A	N/A	2,647,510	\$8.121051	15,577,863	\$4.949684	1,015,218	\$3.345594
February 28:	N/A	N/A	N/A	N/A	N/A	N/A	2,662,800	8.117247	15,582,423	4.978838	1,034,233	3.236214
March 31:	N/A	N/A	N/A	N/A	N/A	N/A	2,799,965	8.342306	16,052,554	5.008552	1,078,654	3.284909
April 30:	N/A	N/A	N/A	N/A	N/A	N/A	2,797,681	8.275210	16,258,558	5.037796	1,086,860	3.039774
May 31:	N/A	N/A	N/A	N/A	N/A	N/A	2,835,508	8.480925	16,302,136	5.068951	1,089,199	3.013354
June 30:	N/A	N/A	N/A	N/A	N/A	N/A	2,877,914	8.554521	16,290,211	5.100320	1,071,453	3.175834
July 31:	N/A	N/A	N/A	N/A	N/A	N/A	2,925,185	8.602049	16,326,632	5.132290	1,069,629	2.901765
August 31:	N/A	N/A	N/A	N/A	N/A	N/A	2,931,426	8.899313	16,324,024	5.164402	1,079,625	2.950596
September 30:	9,972	\$1.000000	12,393	\$1.000000	7,104	\$1.000000	3,018,394	8.909595	16,465,904	5.192094	1,017,259	2.935176
October 31:	457,710	1.068141	527,221	1.014581	244,869	1.016533	3,074,161	9.095676	16,315,629	5.222896	971,257	3.180710
November 30:	1,347,186	1.023952	971,123	0.997867	481,895	1.002976	3,143,203	8.954103	16,002,395	5.252422	979,233	3.339268
December 31:	1,867,435	1.128096	1,082,873	1.020475	550,243	1.047424	3,197,136	9.254004	15,937,397	5.280936	911,027	3.622159

The Segregated Assets Fund had 13,330,206 units outstanding and a net asset value of \$4,439,982 at December 31, 1993.

THE PROFIT SHARING PLAN OF XEROX CORPORATION AND  
THE XEROGRAPHIC DIVISION, A.C.T.W.U., A.F.L.- C.I.O.

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	
	1994	1993
Net assets available for plan benefits as reported in the Plan financial statements	\$147,216,175	\$135,892,327
Benefit claims payable reported on line 31g of Form 5500	(884,395)	(363,557)
Net assets available for plan benefits as reported in the Plan Form 5500	146,331,780	135,528,770

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

	Year Ended December 31, 1994
Benefits paid to participants as reported in the Plan financial statements	\$12,237,610
Add: Amounts allocated to withdrawing participants at December 31, 1994	884,395
Less: Amounts allocated to withdrawing participants at December 31, 1993	(363,557)
Benefits paid to participants as reported in the Form 5500	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.

Schedule 1

THE PROFIT SHARING PLAN OF XEROX CORPORATION AND  
THE XEROGRAPHIC DIVISION, A.C.T.W.U., A.F.L.- C.I.O.

Item 27a - Schedule of Assets Held for Investment Purposes

		December 31, 1994	
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)	\$ 133,510,322	135,254,044
Investment in Employees' Loans	Loans to Plan participants, maturity dates through 5/31/08, interest rates from 7.5% to 11.5% per annum.	-	8,970,184

(1) See note 3.

INDEPENDENT AUDITORS' REPORT

The Plan Administrator and Participants  
The Profit Sharing Plan of Xerox Corporation and The Xerographic  
Division, A.C.T.W.U., A.F.L. - C.I.O.:

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, A.C.T.W.U., A.F.L. - C.I.O. (Plan) as of December 31, 1994 and 1993, 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, 1994 and 1993, 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 15, 1995  
30

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 15, 1995, relating to the statements of net assets available for plan benefits of the Profit Sharing Plan of Xerox Corporation and The Xerographic Division, A.C.T.W.U., A.F.L - C.I.O. (Plan) as of December 31, 1994 and 1993, 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, 1994 Annual Report on Form 11-K of the Xerox Corporation Profit Sharing and Savings Plan.

KPMG PEAT MARWICK

Rochester, New York  
June 28, 1995