

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934 (FEE REQUIRED)
For the fiscal year ended: December 31, 1999

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934 (NO FEE REQUIRED)
For the transition period from _____ to _____

Commission File Number 1-4471

A. Full title of the plan and address of the plan, if different from
that of the issuer named below:

XEROX CORPORATION PROFIT SHARING AND SAVINGS PLAN

B. Name of issuer of the securities held pursuant to the plan and the
address of its principal executive office:

Xerox Corporation
P.O. Box 1600
Stamford, Connecticut 06904-1600

THE PLAN. Pursuant to the requirements of the Securities Exchange Act of
1934, the person who administer the plan have duly caused this actual report
to be signed on its behalf by the undersigned who thereunto duly authorized.

XEROX CORPORATION PROFIT SHARING AND SAVINGS PLAN

Sally Conkright
Plan Administrator

Stamford, Connecticut
Dated June 29, 2000

XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN

Financial Statements and Schedule

December 31, 1999 and 1998

(With Independent Auditors' Report Thereon)

XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN

Statement of Net Assets Available for Plan Benefits
With Fund Information

December 31, 1999

(In thousands)

		Fund Information				
		International	U.S. Stock	Small	Balanced Fund	
		Stock	Fund	Company	Fifty/	More
		Fund	Fund	Stock	Fifty/	Bonds
		Fund	Fund	Fund	Fifty	
Assets:						
Investment in Master Trust	\$	225,051	518,508	217,442	106,073	45,552
Participant notes receivable		-	-	-	-	-
Total assets		225,051	518,508	217,442	106,073	45,552
Due from (to) other funds		(267)	(615)	(258)	(126)	(54)
Net assets available for plan						
Benefits	\$	224,784	517,893	217,184	105,947	45,498

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

More	Enhanced	Income	Xerox	Marketplace	Employee	Total
Stocks	Bond	Fund	Stock	Window	Loan Fund	
	Fund		Fund			
1,199,259	20,596	583,296	402,616	150,370	-	3,468,763
-	-	-	-	-	86,788	86,788
1,199,259	20,596	583,296	402,616	150,370	86,788	3,555,551
(1,422)	(24)	(692)	(478)	(178)	4,114	-
1,197,837	20,572	582,604	402,138	150,192	90,902	3,555,551

XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN

Statement of Net Assets Available for Plan Benefits
With Fund Information

December 31, 1998

(In thousands)

		Fund Information				
		International	U.S. Stock	Small	Balanced Fund	
		Stock	Fund	Company	Fifty/	More
		Fund	Fund	Stock	Fifty/	Bonds
		Fund	Fund	Fund	Fifty	
Assets:						
Investment in Master Trust	\$	175,891	404,740	189,184	43,879	19,615
Participant notes receivable		-	-	-	-	-
Employer contributions		2,402	7,629	3,095	871	376
receivable						
Total assets		178,293	412,369	192,279	44,750	19,991
Due from (to) other funds		(149)	(343)	(160)	(37)	(17)
Net assets available for plan						
Benefits	\$	178,144	412,026	192,119	44,713	19,974

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

More	Enhanced	Income	Xerox	Marketplace	Employee	Total
Stocks	Bond	Fund	Stock	Window	Loan Fund	
	Fund		Fund			

1,102,063	18,803	692,898	590,564	18,706	-	3,256,343
-	-	-	-	-	80,030	80,030
13,575	193	3,179	10,190	353	-	41,863
1,115,638	18,996	696,077	600,754	19,059	80,030	3,378,236
(935)	(16)	(588)	(501)	(16)	2,762	-
1,114,703	18,980	695,489	600,253	19,043	82,792	3,378,236

XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN

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

Year ended December 31, 1999

(In thousands)

	Fund Information				
	International Stock Fund	U.S. Stock Fund	Small Company Stock Fund	Balanced Fifty/ Fifty	Fund More Bonds
Contributions:					
Employer	\$ -	-	-	-	-
Employees' - voluntary	11,854	30,367	13,869	2,751	955
Rollovers from external plans	655	4,434	792	2,432	766
Rollovers from internal plans	3,310	12,444	2,638	38,066	13,686
Total contributions	15,819	47,245	17,299	43,249	15,407
Net income (loss) from Master Trust investments, net of administrative expenses					
	54,334	84,438	51,596	11,449	3,162
Interest income on participant notes receivable					
	-	-	-	-	-
Total	70,153	131,683	68,895	54,698	18,569
Benefit payments					
	(7,917)	(21,895)	(8,032)	(15,032)	(4,985)
Transfers among funds					
	(15,596)	(3,921)	(35,798)	21,568	11,940
Net increase (decrease) in net assets available for plan benefits					
	46,640	105,867	25,065	61,234	25,524
Net assets available for plan benefits:					
Beginning of year	178,144	412,026	192,119	44,713	19,974
End of year	\$ 224,784	517,893	217,184	105,947	45,498

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

More Stocks	Enhanced Bond Fund	Income Fund	Xerox Stock Fund	Marketplace Window	Employee Loan Fund	Total
-	-	-	-	-	-	-
43,098	862	19,292	32,992	2,550	-	158,590
4,008	762	10,086	2,630	1,394	-	27,959
53,514	5,264	23,704	3,672	7,436	-	163,734
100,620	6,888	53,082	39,294	11,380	-	350,283
200,491	149	22,218	(405,691)	27,639	-	49,785

-	-	-	-	-	7,751	7,751
301,111	7,037	75,300	(366,397)	39,019	7,751	407,819
(72,973)	(2,675)	(67,625)	(21,215)	(8,155)	-	(230,504)
(145,004)	(2,770)	(120,560)	189,497	100,285	359	-
83,134	1,592	(112,885)	(198,115)	131,149	8,110	177,315
1,114,703	18,980	695,489	600,253	19,043	82,792	3,378,236
1,197,837	20,572	582,604	402,138	150,192	90,902	3,555,551

XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN

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

Year ended December 31, 1998

(In thousands)

	International Stock Fund	U.S. Stock Fund	Fund Information Small Company Stock Fund	Balanced Fund Fifty/ Fifty	More Bonds
Contributions:					
Employer	\$ 2,402	7,629	3,095	871	376
Employees' - voluntary	11,839	21,938	15,336	141	67
Rollovers from external plans	1,310	3,985	1,419	183	119
Rollovers from internal plans	5,297	13,781	7,133	2,659	750
Total contributions	20,848	47,333	26,983	3,854	1,312
Net income (loss) from Master Trust investments, net of administrative expenses	24,155	82,037	(9,065)	2,841	1,201
Interest income on participant notes receivable	-	-	-	-	-
Total	45,003	129,370	17,918	6,695	2,513
Benefit payments	(6,940)	(14,249)	(6,787)	(428)	(1,232)
Transfers among funds	(26,617)	38,371	(25,537)	38,446	18,693
Transfer between plans	234	151	229	-	-
Net increase (decrease) in net assets available for plan benefits	13,680	153,643	(14,177)	44,713	19,974
Net assets available for plan benefits:					
Beginning of year	164,464	258,383	206,296	-	-
End of year	\$ 178,144	412,026	192,119	44,713	19,974

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

More Stocks	Enhanced Bond Fund	Income Fund	Xerox Stock Fund	Marketplace Window	Employee Loan Fund	Total
13,575	193	3,179	10,190	353	-	41,863
40,013	64	20,323	23,493	55	-	133,269
7,473	508	14,785	2,944	119	-	32,845
83,404	551	65,748	5,559	255	-	185,137
144,465	1,316	104,035	42,186	782	-	393,114

161,361	229	43,553	209,986	1,239	-	517,537
-	-	-	-	-	6,180	6,180
305,826	1,545	147,588	252,172	2,021	6,180	916,831
(57,189)	(527)	(68,257)	(16,824)	(336)	-	(172,769)
(95,701)	17,962	(28,692)	33,339	17,358	10,378	-
1,906	-	1,964	659	-	52	5,195
154,842	18,980	52,603	269,346	19,043	16,610	749,257
959,861	-	642,886	330,907	-	66,182	2,628,979
1,114,703	18,980	695,489	600,253	19,043	82,792	3,378,236

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

XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN

Notes to Financial Statements, Continued

December 31, 1999 and 1998

(1) Description of Plan and Summary of Significant Accounting Policies

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

(a) General

The Plan is a defined contribution plan covering substantially all full and part-time U.S. employees of Xerox Corporation (sponsor) and participating subsidiaries, except those covered by a collective bargaining agreement unless that agreement calls for participation in the Plan. Employees are automatically eligible to participate in the 401(k) savings portion of the Plan upon date of hire.

(b) Plan Amendment

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

(c) Payments of Benefits

Upon termination of service, a participant may elect to receive either a lump sum amount equal to the value of his or her account, or may purchase an annuity payable from a life insurance company. There were no benefits allocated from the Plan for participants at December 31, 1999 and 1998.

(d) Employee Savings Contributions

Subject to limits imposed by the Internal Revenue Code, eligible employees may contribute up to 18% of pay (as defined in the Plan) through a combination of before-tax and after-tax payroll deductions. Employees are immediately vested in their savings contributions.

December 31, 1999 and 1998

(1) Description of Plan Continued

(e) Xerox Profit Sharing Contribution

Eligible employees may receive a profit sharing contribution from the sponsor. In 1998 the Plan document specified that any contribution payout would range from zero to 10% of pay based upon the return on assets (ROA) of the Xerox Document Processing industry segment as defined in the Plan document. ROA is determined as of the sponsor's calendar year-end.

During 1998, the sponsor's ROA was 17.5%, which resulted in a maximum profit sharing contribution for all eligible active employees at December 31, 1998 equal to 5% of pay or \$128,734 and 5% in stock options which are not a component of this plan. Participants elected to invest approximately \$41,863 into the Plan at December 31, 1998 (dollars in thousands).

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

In 1999 and forward, the maximum profit sharing payout will be 15%. In any given year, the payout bears a one-to-one relationship to earnings per share (EPS) growth up to 15%. However, if EPS growth is below 5%, there is no payment.

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

(f) Investment Funds

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

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

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

XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN

Notes to Financial Statements

December 31, 1999 and 1998

Small Company Stock Fund - Invests primarily in stocks of smaller U.S. companies.

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

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

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

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

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

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

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

(g) Employee Loan Fund

Participants are permitted to borrow from their profit sharing savings accounts subject to certain limitations. The loans are payable over terms up to 14.5 years and bear interest at the quarterly Citibank commercial prime rate in effect at the time of loan issuance plus 1%. Principal and interest payments on the loans are redeposited into the participants' accounts based on their current investment allocation elections. Loans are issued at market value. At December 31, 1999 and 1998, market value on loans approximates fair value.

XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN

Notes to Financial Statements, Continued

December 31, 1999 and 1998

Summary of Significant Accounting Policies

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

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

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

c. The income fund was designed primarily to allow both retirees and participants exiting the Company to transfer their benefits to a low risk investment option without removing funds from the plan. This includes their TRA assets. Effective January 1, 1998 this option is no longer available. Upon retiring, voluntary termination, or involuntary termination, all participants must transfer their lump sum benefits to the Xerox Corporation Profit Sharing and Savings Plan or withdraw the benefits from the Plan.

(2) Federal Income Taxes

The Plan obtained its latest determination letter from the Internal Revenue Service (IRS) on September 18, 1995, covering Plan amendments through January 31, 1995, indicating that the Plan, as designed, was in compliance with the applicable requirements of the Internal Revenue Code. The Plan administrator and 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.

XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN

Notes to Financial Statements, Continued

December 31, 1999 and 1998

(3) Master Trust

As discussed in note 1, the Plan participates in the Master Trust. The following other Xerox employee benefit plans also participate in the Master Trust as of December 31, 1999:

The Profit Sharing Plan of Xerox Corporation and The Xerographic Division, Union of Needletrades, Industrial and Textile Employees, A.F.L. - C.I.O. - C.L.C.;

Xerox Corporation Retirement Income Guarantee Plan; and

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.

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

Participants direct their accounts into investment funds, as described in note 1, which participate in the aforementioned investment pools. Each of the plans has an ownership interest in one or more of these investment pools in accordance with that interest as determined by participant fund elections.

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

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

XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN

Notes to Financial Statements, Continued

December 31, 1999 and 1998

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

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

Assets	International Stock Pool	U.S. Stock Pool	Small Company Stock Pool	Income Fund	Xerox Stock Fund
Cash (overdraft) \$	(230)	2	2	(68)	-
Receivables:					
Dividends	1,316	1,645	255	-	3,697
Interest	220	574	338	7,653	38
Due from brokers	2,231	261	4,171	10,115	-
Other	80	-	-	-	-
Total receivables	3,847	2,480	4,764	17,768	3,735
Investments at fair value:					
At quoted market value:					
Short-term investments	67,026	115,890	146,755	106,070	8,059
Fixed income investments	2,102	-	-	774,937	-
Equity securities:					
Xerox common stock	-	-	-	-	427,828
Other	1,379,984	2,990,177	683,719	3,852	-
At estimated fair value:					
Interest in real estate					

Trusts	-	-	-	-	-
Other investments	-	-	-	-	-
Total investments	1,449,112	3,106,067	830,474	884,859	435,887
Total assets	1,452,729	3,108,549	835,240	902,559	439,622
Liabilities					
Due to brokers	(11,121)	(2,311)	(4,159)	(128,244)	-
Other	(1,970)	(1,662)	(702)	(468)	(43)
Net assets	\$ 1,439,638	3,104,576	830,379	773,847	439,579

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

XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN

Notes to Financial Statements, Continued

December 31, 1999 and 1998

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

	International Stock Fund	U.S. Stock Fund	Small Company Stock Fund	Balanced Fund - Fifty/Fifty	Balanced Fund - More Bonds
International Stock Pool	\$ 236,019	-	-	19,135	8,183
U.S. Stock Pool	-	544,578	-	40,703	17,409
Small Company Stock Pool	-	-	229,144	9,560	4,088
Income Fund	-	-	-	-	-

Xerox Stock Fund	-	-	-	-	-
Other Equity Pool	-	-	-	10,419	4,456
Other Fixed Pool	-	-	-	840	360
Marketplace Window	-	-	-	-	-
Bond Pool	-	-	-	30,781	13,662
Expense Pool	-	-	-	-	-
Total	\$	236,019	544,578	229,144	111,438
					48,158

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

XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN

Notes to Financial Statements, Continued

December 31, 1999 and 1998

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

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

The Profit Sharing Plan of Xerox Corporation and The Xerographic Division, Union of Needletrades, Industrial and Textile Employees, A.F.L. - C.I.O. - C.L.C.	10,968	26,070	11,702	5,365	2,606
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Xerox Corporation Retirement Income Guarantee Plan	-	-	-	-	-
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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.	-	-	-	-	-
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Total		\$ 236,019	544,578	229,144	111,438	48,158
Balanced Fund - More Stocks	Enhanced Bond Fund	Income Fund	Xerox Stock Fund	Marketplace Window		Total
1,199,259	20,596	583,296	402,616	150,370		3,468,763
80,608	1,075	65,096	36,963	11,715		252,168
5,049,587	-	110,335	-	-		5,159,922
545,319	-	15,120	-	-		560,439
6,874,773	21,671	773,847	439,579	162,085		9,441,292

XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN

Notes to Financial Statements, Continued

December 31, 1999 and 1998

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

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

Assets	International Stock Pool	U.S. Stock Pool	Small Company Stock Pool	All Other Pool	Income Fund
Cash (overdraft)	\$ 16,520	(141)	1,088	-	(4,469)
Receivables:					
Dividends	1,371	2,687	501	-	-
Interest	198	638	215	-	9,664
Due from brokers	3,227	7,697	1,783	-	77,389
Other	30	11	(1)	-	(225)
Total receivables	4,826	11,033	2,498	-	86,828
Investments at fair value:					
At quoted market value:					
Short-term investments	29,261	160,154	67,680	-	188,727
Fixed income investments	3,637	-	-	-	781,381
Equity securities:					
Xerox common stock	-	-	-	-	-
Other	1,033,271	2,842,337	613,346	-	5,973
At estimated fair value:					
Interest in real estate Trusts	-	-	-	-	-
Other investments	-	-	-	-	-
Investments at contract value:					
Investment contracts with insurance companies and banks	-	-	-	-	62,861

Total investments	1,066,169	3,002,491	681,026	-	1,038,942
Total assets	1,087,515	3,013,383	684,612	-	1,121,301
Liabilities					
Due to brokers	(3,983)	(6,052)	(2,607)	-	(183,652)
Other	(2,053)	(1,692)	(751)	-	(500)
Net assets	\$ 1,081,479	3,005,639	681,254	-	937,149

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

XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN

Notes to Financial Statements, Continued

December 31, 1999 and 1998

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

	International Stock Fund	U.S. Stock Fund	Small Company Stock Fund	Balanced Fund - Fifty/Fifty	Balanced Fund - More Bonds
International Stock Pool	\$ 184,457	-	-	6,100	2,870
U.S. Stock Pool	-	426,768	-	17,536	8,252
Small Company Stock Pool	-	-	199,672	3,275	1,541
All Other Pool	-	-	-	-	-

Income Fund	-	-	-	-	-
Xerox Stock Fund	-	-	-	-	-
Other Equity Pool	-	-	-	4,936	2,010
Other Fixed Pool	-	-	-	2,700	513
Marketplace Window	-	-	-	-	-
Bond Pool	-	-	-	10,987	5,170
Expense Pool	-	-	-	-	-
Total	\$ 184,457	426,768	199,672	45,534	20,356

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

XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN

Notes to Financial Statements, Continued

December 31, 1999 and 1998

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

	International Stock Fund	U.S. Stock Fund	Small Company Stock Fund	Balanced Fund - Fifty/Fifty	Balanced Fund - More Bonds
Xerox Corporation Profit Sharing and Savings Plan	\$ 175,891	404,740	189,184	43,879	19,615

The Profit Sharing Plan of Xerox Corporation and The Xerographic Division, Union of Needletrades, Industrial and Textile Employees, A.F.L. - C.I.O. - C.L.C.

8,566	22,028	10,488	1,655	741
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Xerox Corporation Retirement Income Guarantee Plan	-	-	-	-	-
Retirement Income Guarantee Plan of Xerox Corporation and The Xerographic Division, Union of Needletrades, Industrial and Textile Employees, A.F.L. - C.I.O. - C.L.C.	-	-	-	-	-
Total	\$ 184,457	426,768	199,672	45,534	20,356

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

XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN

Notes to Financial Statements, Continued

December 31, 1999 and 1998

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

	International Stock Pool	U.S. Stock Pool	Small Company Stock Pool	Income Fund	Xerox Stock Fund
Additions:					
Transfers in	\$ 90,431	155,074	46,723	154,653	418,469
Investment earnings:					
Interest	1,625	6,862	2,424	51,889	610
Dividends	19,430	27,271	3,499	168	10,769
Net appreciation (depreciation)	336,067	544,823	203,930	(22,348)	(456,299)
Margin variation on futures contracts	(385)	(6,508)	(2,146)	633	-
Other	1,296	823	376	889	(10)
Total investment Earnings	358,033	573,271	208,083	31,231	(444,930)
Total additions	448,464	728,345	254,806	185,884	(26,461)

Deductions:

Administrative expenses	(8,744)	(8,684)	(3,333)	(2,323)	(660)
Transfers out	(95,513)	(125,724)	(71,348)	(346,863)	(177,059)
Total deductions	(104,257)	(134,408)	(74,681)	(349,186)	(177,719)
Transfers between funds/pools	13,952	(495,000)	(31,000)	-	-
Net assets:					
Beginning of year	1,081,479	3,005,639	681,254	937,149	643,759
End of year	\$ 1,439,638	3,104,576	830,379	773,847	439,579

Other Equity Pool	Other Fixed Pool	Marketplace Window	Bond Pool	Expense Pool	Total
794	12,398	150,408	36,210	-	1,065,160
7,461	8,786	-	76,242	-	155,899
3,682	-	5,519	2,045	-	72,383
210,313	(20,000)	25,002	(52,983)	-	768,505
(15,280)	(1,719)	-	261	-	(25,144)
26,733	3	-	1,699	-	31,809
232,909	(12,930)	30,521	27,264	-	1,003,452
233,703	(532)	180,929	63,474	-	2,068,612
(1,482)	(798)	(48)	(6,442)	(1,813)	(34,327)
(563,105)	(782)	(38,592)	(33,879)	-	(1,452,865)
(564,587)	(1,580)	(38,640)	(40,321)	(1,813)	(1,487,192)
291,588	(105,500)	-	325,000	1,885	925
694,590	160,470	19,796	1,634,883	(72)	8,858,947
655,294	52,858	162,085	1,983,036	-	9,441,292

XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN

Notes to Financial Statements, Continued

December 31, 1999 and 1998

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

	International Stock Fund	U.S. Stock Fund	Small Company Stock Fund	Balanced Fund - Fifty/Fifty	Balanced Fund - More Bonds
International Stock Pool	\$ 56,809	-	-	3,042	848
U.S. Stock Pool	-	88,467	-	4,899	1,369
Small Company Stock Pool	-	-	54,095	1,567	437
Income Fund	-	-	-	-	-
Xerox Stock Fund	-	-	-	-	-
Other Equity Pool	-	-	-	2,406	672

Other Fixed Pool	-	-	-	(142)	(41)
Marketplace Window	-	-	-	-	-
Bond Pool	-	-	-	215	61
Expense Pool	-	-	-	-	-
Total	\$ 56,809	88,467	54,095	11,987	3,346

Balanced Fund - More Stocks	Enhanced Bond Fund	Income Fund	Xerox Stock Fund	Marketplace Window	Total
288,590	-	-	-	-	349,289
469,852	-	-	-	-	564,587
148,651	-	-	-	-	204,750
-	-	28,908	-	-	28,908
-	-	-	(445,590)	-	(445,590)
228,349	-	-	-	-	231,427
(13,545)	-	-	-	-	(13,728)
-	-	-	-	30,473	30,473
20,418	128	-	-	-	20,822
(1,813)	-	-	-	-	(1,813)
1,140,502	128	28,908	(445,590)	30,473	969,125

Xerox Corporation and XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN

Notes to Financial Statements, Continued

December 31, 1999 and 1998

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

	International Stock Fund	U.S. Stock Fund	Small Company Stock Fund	Balanced Fund - Fifty/Fifty	Balanced Fund - More Bonds
Xerox Corporation Profit Sharing and Savings Plan	\$ 54,334	84,438	51,596	11,449	3,162

The Profit Sharing Plan of Xerox Corporation and The Xerographic Division, Union of Needletrades, Industrial and Textile Employees, A.F.L. - C.I.O. - C.L.C.	2,475	4,029	2,499	538	184
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Xerox Corporation Retirement Income Guarantee Plan	-	-	-	-	-
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Retirement Income Guarantee Plan of Xerox Corporation and The Xerographic Division, Union of Needletrades, Industrial and Textile Employees, A.F.L. -

Total	\$	56,809	88,467	54,095	11,987	3,346
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Balanced Fund - More Stocks	Enhanced Bond Fund	Income Fund	Xerox Stock Fund	Marketplace Window	Total
200,491	149	22,218	(405,691)	27,639	49,785
12,858	(21)	1,942	(39,899)	2,834	(12,561)
836,717	-	4,160	-	-	840,877
90,436	-	588	-	-	91,024
1,140,502	128	28,908	(445,590)	30,473	969,125

XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN

Notes to Financial Statements, Continued

December 31, 1999 and 1998

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

	International Stock Pool	U.S. Stock Pool	Small Company Stock Pool	All Other Pool	Income Fund
Additions:					
Transfers in	\$ 43,514	139,522	51,756	418,842	126,050
Investment earnings:					
Interest	2,206	8,198	6,948	59,043	57,481
Dividends	19,994	26,128	2,502	12,123	435
Net appreciation (depreciation)	140,075	663,920	(6,208)	25,060	5,737
Margin variation on futures contracts	1,217	7,864	350	13,831	(287)
Other	(775)	1,911	639	22,210	(104)
Total investment Earnings	162,717	708,021	4,231	132,267	63,262
Total additions	206,231	847,543	55,987	551,109	189,312
Deductions:					
Administrative expenses	(8,531)	(7,852)	(4,300)	(7,872)	(2,341)
Transfers out	(53,101)	(58,284)	(52,728)	(442,927)	(176,723)
Total deduction	(61,632)	(66,136)	(57,028)	(450,799)	(179,064)

Transfers between funds/pools(90,097)	(274,164)	(290,563)	313,106	-
Pool restructure	-	-	(2,448,260)	-
Net assets:				
Beginning of year	1,026,977	2,498,396	972,858	2,034,844
End of year	\$ 1,081,479	3,005,639	681,254	-

Xerox Stock Fund	Other Equity Pool	Other Fixed Pool	Marketplace Window	Bond Pool	Expense Pool	Total
102,002	125,652	118,979	18,839	18,136	-	1,163,292
445	4,308	3,270	-	17,068	-	158,967
7,453	3,749	-	569	1,195	-	74,148
221,414	60,417	14,876	735	16,842	-	1,142,868
-	7,862	1,321	-	(7,125)	-	25,033
-	3,156	(2)	-	(439)	-	26,596
229,312	79,492	19,465	1,304	27,541	-	1,427,612
331,314	205,144	138,444	20,143	45,677	-	2,590,904
(668)	(301)	(346)	(1)	(1,443)	(391)	(34,046)
(32,892)	(600,735)	(85,628)	(346)	(528)	-	(1,503,892)
(33,560)	(601,036)	(85,974)	(347)	(1,971)	(391)	(1,537,938)
-	230,399	108,000	-	3,000	319	-
-	860,083	-	-	1,588,177	-	-
346,005	-	-	-	-	-	7,805,981
643,759	694,590	160,470	19,796	1,634,883	(72)	8,858,947

XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN

Notes to Financial Statements, Continued

December 31, 1999 and 1998

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

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

Marketplace Window	-	-	-	-	-
Bond Pool	-	-	-	176	83
Expense Pool	-	-	-	-	-
Total	\$ 25,486	86,279	(9,729)	2,952	1,237

Balanced Fund - More Stocks	Enhanced Bond Fund	Income Fund	Xerox Stock Fund	Marketplace Window	Total
127,413	-	-	-	-	154,186
612,326	-	-	-	-	700,169
9,563	-	-	-	-	(69)
124,395	-	-	-	-	124,395
-	-	60,921	-	-	60,921
-	-	-	228,644	-	228,644
78,400	-	-	-	-	79,191
18,928	-	-	-	-	19,119
-	-	-	-	1,303	1,303
25,595	244	-	-	-	26,098
(391)	-	-	-	-	(391)
996,229	244	60,921	228,644	1,303	1,393,566

XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN

Notes to Financial Statements, Continued

December 31, 1999 and 1998

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

	International Stock Fund	U.S. Stock Fund	Small Company Stock Fund	Balanced Fund - Fifty/Fifty	Balanced Fund - More Bonds
Xerox Corporation Profit Sharing and Savings Plan	\$ 24,155	82,037	(9,065)	2,841	1,201

The Profit Sharing Plan of Xerox Corporation and The Xerographic Division, Union of Needletrades, Industrial and Textile Employees, A.F.L. - C.I.O. - C.L.C.	1,331	4,242	(664)	111	36
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Xerox Corporation Retirement Income Guarantee Plan	-	-	-	-	-
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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.	-	-	-	-	-
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Total		\$ 25,486	86,279	(9,729)	2,952	1,237
Balanced Fund - More Stocks	Enhanced Bond Fund	Income Fund	Xerox Stock Fund	Marketplace Window		Total
161,361	229	43,553	209,986	1,239		517,537
10,912	15	4,866	18,658	64		39,571
746,740	-	10,952	-	-		757,692
77,216	-	1,550	-	-		78,766
996,229	244	60,921	228,644	1,303		1,393,566

XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN

Notes to Financial Statements, Continued

December 31, 1999 and 1998

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

Marketable securities are valued at the last reported sales price on the last business day of the year. Quotations are obtained from national securities exchanges or, in instances where securities are not listed on any of the exchanges, quotations are obtained from brokerage firms.

Non-readily marketable investments, which include private placements, are carried at fair value, based upon the cost of the investments, developments concerning the portfolio investments of the private placements, and other factors as the managing general partners of these investments may deem relevant. The valuations do not necessarily represent amounts which might ultimately be realized from the investments.

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

(i) The average investment yield for the year ended December 31, 1998 was 7.1%.

(ii) The crediting interest rate at December 31, 1998 was 4.4%.

(iii) The fair value, as determined by discounting estimated future cash flows for traditional GIC's and the market value of the underlying investments and the associated wrapper for synthetic GIC's at December 31, 1998 was \$63,780. Contract value was \$62,861 at December 31, 1998.

XEROX CORPORATION
 PROFIT SHARING AND SAVINGS PLAN

Notes to Financial Statements, Continued

December 31, 1999 and 1998

The Master Trust invests in real estate group trusts. These trusts provide pension and profit sharing plans with a medium for pooling their funds for investment in income producing real estate. The investment trusts value real estate holdings at estimated market value based upon independent appraisals, consideration of significant changes in economic circumstances, and capital additions made to properties after the appraisal date. Such market value estimates necessarily involve subjective judgments. Accordingly, the actual market price of the real estate can only be determined by negotiation between independent third parties in a sales transaction.

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

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

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

XEROX CORPORATION
 PROFIT SHARING AND SAVINGS PLAN

Notes to Financial Statements, Continued

December 31, 1999 and 1998

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

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

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

XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN

Notes to Financial Statements, Continued

December 31, 1999 and 1998

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

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

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

XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN

December 31, 1999 and 1998

(4) Reconciliation of Financial Statements to Form 5500

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

	December 31,	
	1999	1998
Net assets available for plan benefits as reported in the Plan financial statements \$	3,555,551	3,378,236
Benefit claims payable reported on line 31g of Form 5500	-	-
Net assets available for plan benefits as reported in the Plan Form 5500	\$ 3,555,551	3,378,236
	December 31,	
	1999	1998
	(in thousands)	
Benefits paid to participants as reported in the Plan financial statements	\$ 230,504	172,769
Add: Amounts allocated to withdrawing participants at December 31, 1999 and 1998	-	-
Less: Amounts allocated to withdrawing participants at December 31, 1998 and 1997, respectively	-	-
Benefits paid to participants as reported in the Form 5500	\$ 230,504	172,769

Amounts allocated to withdrawing participants are recorded on the Form 5500 for benefit claims that have been processed and approved for payment prior to December 31 but not yet paid as of that date. There were no benefits allocated from the Plan for participants at December 31, 1999 or 1998.

(5) Stock Split

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

Schedule 1

XEROX CORPORATION
PROFIT SHARING AND SAVINGS PLAN

Line 27a - Schedule of Assets Held for Investment Purposes at End of Year

(In thousands)

December 31, 1999

Identity of issue, borrower, lessor, or similar party	Description of investment including maturity date, rate of interest, collateral, par or maturity value		
		Cost	Current value
Investment in Master Trust	(1)	\$ 2,814,991	\$ 3,468,763
*Investment in Participant Notes Receivable	Loans to Plan participants, maturity dates through 5/31/12, interest rates from 8.0% to 11.5% per annum	-	86,788

* Party-in-interest

(1)See note 1

Independent Auditors' Report

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

We have audited the accompanying statements of net assets available for plan benefits of the Xerox Corporation Profit Sharing and Savings Plan (Plan) as of December 31, 1999 and 1998, and the related statements of changes in net assets available for plan benefits for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Plan as of December 31, 1999 and 1998, and the changes in net assets available for plan benefits for the years ended December 31, 1999 and 1998 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 at December 31, 1999 is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The fund information in the statements of net assets available for plan benefits and the statements of changes in net assets available for plan benefits is presented for purposes of additional analysis rather than to present the net assets available for plan benefits and changes in the assets available for plan benefits of each fund. The supplemental schedule and fund information have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

May 26, 2000

EXHIBIT INDEX

Exhibit
(b)(1) Accountants' Consent

Electronic
Submission
Document

2

Accountants' Consent

The Board of Directors
Xerox Corporation:

We consent to incorporation by reference in the Registration Statements (No. 2-86274 and No. 333-22059) on Form S-8 of Xerox Corporation of our report dated May 26, 2000, relating to the statements of net assets available for plan benefits of the Xerox Corporation Profit Sharing and Savings Plan as of December 31, 1999 and 1998, and the related statements of changes in net assets available for plan benefits for the years then ended and related schedule, which report appears in the December 31, 1999 Annual Report on Form 11-K of the Xerox Corporation Profit Sharing and Savings Plan.

Rochester, New York
June 29, 2000