

McDermott John E
Form 4
February 03, 2006

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Check this box
if no longer
subject to
Section 16.
Form 4 or
Form 5
obligations
may continue.
See Instruction
1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF
SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,
Section 17(a) of the Public Utility Holding Company Act of 1935 or Section
30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB
Number: 3235-0287
Expires: January 31,
2005
Estimated average
burden hours per
response... 0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
McDermott John E

2. Issuer Name **and** Ticker or Trading
Symbol
XEROX CORP [XRX]

5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

(Last) (First) (Middle)
C/O XEROX CORPORATION, P.O.
BOX 1600 / 800 LONG RIDGE
ROAD

3. Date of Earliest Transaction
(Month/Day/Year)
02/01/2006

____ Director ____ 10% Owner
X Officer (give title ____ Other (specify
below) below)
Vice President

(Street)
STAMFORD, CT 06904

4. If Amendment, Date Original
Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check
Applicable Line)
X Form filed by One Reporting Person
____ Form filed by More than One Reporting
Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)	
			Code	V	Amount	(A) or (D)	Price	
Incentive Stock Rights	01/03/2006		J ⁽²⁾	V	6,333	D	\$ 0 ⁽³⁾	6,334 D
Common Stock							2.595	I Employee Stock Ownership Plan
Common Stock	01/03/2006		J ⁽²⁾	V	6,333	A	\$ 0 ⁽³⁾	19,659 D
Common	01/03/2006		F ⁽²⁾	V	2,385	D	\$ 0 ⁽³⁾	17,274 D

Stock

Common Stock	02/01/2006	M	9,367	A	\$ 0 ⁽³⁾	26,641	D
Common Stock	02/01/2006	S	9,367	D	\$ 14.22	17,274	D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474
(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)			
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Stock Option	\$ 7.885	02/01/2006		M		9,367		01/01/2004 ⁽¹⁾	12/31/2012	Common Stock	9,367
Stock Option	\$ 13.685							01/01/2005 ⁽¹⁾	12/31/2011	Common Stock	25,000
Stock Option	\$ 15.205							01/01/2005 ⁽¹⁾	12/31/2011	Common Stock	6,000

Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

McDermott John E
C/O XEROX CORPORATION
P.O. BOX 1600 / 800 LONG RIDGE ROAD
STAMFORD, CT 06904

Vice
President

Signatures

K.W. Fizer, 02/03/2006
Attorney-in Fact

__Signature of Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Options vest over three years, 33.3% per year beginning in year shown.
- (2) Vesting of Incentive Stock Rights.
- (3) Not Applicable

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.