#### MACDONALD MICHAEL C

Form 4

February 21, 2006

## FORM 4

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

OMB Number: 3235-0287

Estimated average

5. Relationship of Reporting Person(s) to

Issuer

Check this box if no longer subject to Section 16.

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Expires: January 31, 2005

0.5

**OMB APPROVAL** 

Form 4 or Form 5 obligations may continue.

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

2. Issuer Name and Ticker or Trading

Symbol

burden hours per response...

See Instruction 1(b).

Rights

(Print or Type Responses)

1. Name and Address of Reporting Person \*

MACDONALD MICHAEL C

			XEROX	CORP [	XRX]		(C	(Check all applicable)			
(Last)	(First)	(Middle)		Earliest Tr	ransaction			• • • • • • • • • • • • • • • • • • • •			
800 LONG BOX 1600	(Month/Day/Year) 02/16/2006				Director 10% OwnerX Officer (give title Other (specify below) Senior Vice President						
	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						
STAMFOR	D, CT 06904						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 E (Month/Day/Ye	ar) Execution	emed on Date, if /Day/Year)	3. Transaction Code (Instr. 8)	Disposed (Instr. 3,	(A) or d of (D) 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)		
Common Stock							58,307	D			
Common Stock							4,228.78	I	Employee Stock Ownership Plan		
Common Stock							45	I	Children		
Incentive Stock							55,000	D			

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Xerox Stock Fund 11,626.77  $I_{\frac{(3)}{2}}$  Xerox Stock Fund

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)	Code	5. Number of or 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 A Underlying St (Instr. 3 and 4
				Code V	(A) (D)	Date Exercisable	Expiration Date	Title
Stock Option	\$ 5.14					10/14/2007	12/31/2011	Common Stock
Stock Option	\$ 7.885					01/01/2004(2)	12/31/2012	Common Stock
Stock Option	\$ 10.365					01/01/2003(2)	12/31/2011	Common Stock
Stock Option	\$ 21.7812					01/01/2005(2)	12/31/2009	Common Stock
Stock Option	\$ 46.875					01/01/1999(2)	12/31/2008	Common Stock
Stock Option	\$ 47.5					03/01/2003	12/31/2009	Common Stock
Stock Option	\$ 59.4375					01/01/2000(2)	12/31/2006	Common Stock
Deferred Comp	\$ 0 (1)					08/08/1988(1)	08/08/1988(1)	Common Stock
Stock Option	\$ 13.685					01/01/2005(2)	12/31/2011	Common Stock
Stock Option	\$ 15.205					01/01/2005(2)	12/31/2011	Common Stock
Performance Shares	\$ 0 (1)	02/16/2006		A	21,567 (4)	08/08/1988(1)	08/08/1988(1)	Common Stock

## **Reporting Owners**

Reporting Owner Name / Address Relationships

Director 10% Owner Officer Other

MACDONALD MICHAEL C 800 LONG RIDGE ROAD P. O. BOX 1600 STAMFORD, CT 06904

Senior Vice President

## **Signatures**

K.W. Fizer,

Attorney-In-Fact 02/21/2006

\*\*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) Not Applicable
- (2) Options vest over three years, 33.3% per year beginning in year shown.
- (3) Units purchased in Xerox Stock Fund under Xerox Savings Plan. Amount does not represent shares of stock, but dollars invested divided by unit value.
- (4) These performance shares were earned based on achievement of specific annual performance criteria that are not tied solely to the market price of Issuer securities. Performance shares, to the extent earned, are scheduled to vest three years from their respective grant date.

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.

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