

McDermott John E
Form 4
February 16, 2007

FORM 4

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

OMB APPROVAL

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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

(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)

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

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

C/O XEROX CORPORATION, P.O. BOX 1600 / 800 LONG RIDGE ROAD

01/02/2007

(Street)

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

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

STAMFORD, CT 06904

(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 (A) 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	01/02/2007		J ⁽⁴⁾	V 6,334 D \$ 0 ₍₃₎	0	D	
Common Stock					2.595	I	Employee Stock Ownership Plan
Common Stock	01/02/2007		J ⁽⁴⁾	V 6,334 A \$ 0 ₍₃₎	23,608	D	
Common Stock	01/02/2007		F ⁽⁴⁾	V 2,348 D \$ 0	21,260	D	

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Stock (3)

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

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(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 (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 Security (Instr. 3 and 4)	
				Code V	(A) (D)	Date Exercisable	Expiration Date	Title
Stock Option	\$ 13.685					01/01/2005 ⁽¹⁾	12/31/2011	Common Stock
Stock Option	\$ 15.205					01/01/2005 ⁽¹⁾	12/31/2011	Common Stock
Performance Shares	\$ 0 ⁽³⁾	02/15/2007		A	8,833 ⁽²⁾	08/08/1988 ⁽³⁾	08/08/1988 ⁽³⁾	Common Stock

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

Karen Boyle,
Attorney-in Fact 02/16/2007

 **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) 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.
- (3) Not Applicable
- (4) Vesting of Incentive Stock Rights.

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

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