

FARREN J MICHAEL
 Form 4
 November 01, 2006

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 *
FARREN J MICHAEL

(Last) (First) (Middle)
 800 LONG RIDGE ROAD, P. O.
 BOX 1600
 (Street)

STAMFORD, CT 06904

(City) (State) (Zip)

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

3. Date of Earliest Transaction (Month/Day/Year)
 10/31/2006

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
 Vice Pres. & General Counsel

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

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 Ownership (Instr. 4)
				(A) or (D) Code V Amount (D) Price			
Common Stock					2,050.69	I	Employee Stock Ownership Plan
Incentive Stock Rights					33,000	D	
Common Stock	10/31/2006		M	8,100 A	\$ 0 (2) 63,922	D	
Common Stock	10/31/2006		S	1,000 D	\$ 16.86 62,922	D	

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Common Stock	10/31/2006	S	6,400	D	\$ 16.85	56,522	D
Common Stock	10/31/2006	S	700	D	\$ 16.8	55,822	D
Common Stock	10/31/2006	S	17,667	D	\$ 16.8	38,155	D

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 Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Underlying Security (Instr. 3 and 4)
Stock Option	\$ 46.875					01/01/1999 ⁽¹⁾ 12/31/2008	Common Stock
Stock Option	\$ 59.4375					01/01/2000 ⁽¹⁾ 12/31/2006	Common Stock
Stock Option	\$ 47.5					03/01/2003 12/31/2009	Common Stock
Stock Option	\$ 21.7812					01/01/2005 12/31/2009	Common Stock
Stock Option	\$ 4.75	10/31/2006		M	8,100	01/01/2002 ⁽¹⁾ 12/31/2010	Common Stock
Stock Option	\$ 10.365					01/01/2003 ⁽¹⁾ 12/31/2011	Common Stock
Stock Option	\$ 7.885					01/01/2004 12/31/2012	Common Stock
Stock Option	\$ 13.685					01/01/2005 ⁽¹⁾ 12/31/2011	Common Stock
Performance Shares	\$ 0 ⁽²⁾					08/08/1988 ⁽²⁾ 08/08/1988 ⁽²⁾	Common Stock

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
FARREN J MICHAEL 800 LONG RIDGE ROAD P. O. BOX 1600 STAMFORD, CT 06904			Vice Pres. & General Counsel	

Signatures

Karen Boyle,
Attorney-In-Fact

11/01/2006

**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) Options vest over three years, 33.3% per year beginning in year shown.

(2) Not Applicable

(3) 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.

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