

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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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 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. 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.