

MACDONALD MICHAEL C
 Form 5
 January 31, 2006

FORM 5

**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).
 Form 3 Holdings Reported Form 4 Transactions Reported

ANNUAL 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

1. Name and Address of Reporting Person *
 MACDONALD MICHAEL C

(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. Statement for Issuer's Fiscal Year Ended (Month/Day/Year)
 12/31/2005

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)
 Senior Vice President

6. Individual or Joint/Group Reporting

(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 at end of Issuer's Fiscal Year (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
				(A) or (D) Amount Price			
Common Stock	Â	Â	Â	Â Â Â	58,307	D	Â
Common Stock	Â	Â	Â	Â Â Â	4,228.78	I	Employee Stock Ownership Plan
Common Stock	Â	Â	Â	Â Â Â	45	I	Children

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Incentive Stock Rights	Â	Â	Â	Â	Â	Â	55,000	D	Â
Xerox Stock Fund	02/28/2005	Â	J ⁽³⁾	141.21	A	\$ 0 ⁽¹⁾	10,659.39	I	Xerox Stock Fund
Xerox Stock Fund	04/30/2005	Â	J ⁽³⁾	656.2	A	\$ 0 ⁽¹⁾	11,315.59	I	Xerox Stock Fund
Xerox Stock Fund	05/31/2005	Â	C ⁽³⁾	311.18	A	\$ 0 ⁽¹⁾	11,626.77	I	Xerox Stock Fund ⁽³⁾

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

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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)
					(A) (D)	Date Exercisable Expiration Date	Title Amount Number Shares
Stock Option	\$ 5.14	Â	Â	Â	Â Â	10/14/2007 12/31/2011	Common Stock 50,0
Stock Option	\$ 7.885	Â	Â	Â	Â Â	01/01/2004 ⁽²⁾ 12/31/2012	Common Stock 149,6
Stock Option	\$ 10.365	Â	Â	Â	Â Â	01/01/2003 ⁽²⁾ 12/31/2011	Common Stock 93,5
Stock Option	\$ 21.7812	Â	Â	Â	Â Â	01/01/2005 ⁽²⁾ 12/31/2009	Common Stock 30,0
Stock Option	\$ 46.875	Â	Â	Â	Â Â	01/01/1999 ⁽²⁾ 12/31/2008	Common Stock 17,1
Stock Option	\$ 47.5	Â	Â	Â	Â Â	03/01/2003 12/31/2009	Common Stock 6,2
Stock Option	\$ 59.4375	Â	Â	Â	Â Â	01/01/2000 ⁽²⁾ 12/31/2006	Common Stock 1,1

Deferred Comp	\$ 0 ⁽¹⁾	Â	Â	Â	Â	Â	08/08/1988 ⁽¹⁾	08/08/1988 ⁽¹⁾	Common Stock	\$ 58,
Stock Option	\$ 13.685	Â	Â	Â	Â	Â	01/01/2005 ⁽²⁾	12/31/2011	Common Stock	77,0
Stock Option	\$ 15.205	Â	Â	Â	Â	Â	01/01/2005 ⁽²⁾	12/31/2011	Common Stock	15,0

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	Â	Â	Â Senior Vice President	Â

Signatures

K.W. Fizer, 01/31/2006
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) 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.

Note: File three copies of this Form, one of which must be manually signed. If space provided 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.