

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 11-K

(MARK ONE)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED, EFFECTIVE OCTOBER 7, 1996)

For the fiscal year ended: December 31, 2002

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

For the transition period from _____ to _____

Commission File Number 1-4471

A. Full title of the plan and address of the plan, if different from that of the issuer named below:

XEROX CORPORATION SAVINGS PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

XEROX CORPORATION
P.O. BOX 1600
STAMFORD, CONNECTICUT 06904-1600

REQUIRED INFORMATION

The Xerox Corporation Savings Plan (the "Plan") is subject to the Employee Retirement Income Security Act of 1974 ("ERISA"). Therefore, in lieu of the requirements of Items 1-3 of Form 11-K, the financial statements and schedules of the Plan at December 31, 2002 and 2001 and for the year ended December 31, 2002, which have been prepared in accordance with the financial reporting requirements of ERISA, are filed herewith as Exhibit 99-1 and incorporated herein by reference.

EXHIBITS

Exhibit Number	Description
99-1	Financial Statements and Schedule of the Plan at December 31, 2002 and 2001 and for the year ended December 31, 2002
99-2	Consent of PricewaterhouseCoopers LLP, independent accountants
99-3	Certification of Plan Administrator and Assistant Treasurer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

THE PLAN. Pursuant to the requirements of the Securities Exchange Act of 1934, the person who administers the plan has duly caused this annual report to be signed by the undersigned thereunto duly authorized.

XEROX CORPORATION SAVINGS PLAN

/s/ LAWRENCE M. BECKER
LAWRENCE M. BECKER
PLAN ADMINISTRATOR

Stamford, Connecticut
Date: June 25, 2003

XEROX CORPORATION SAVINGS PLAN

Financial Statements and Schedule

December 31, 2002 and 2001

(With Independent Auditors' Report Thereon)

XEROX CORPORATION SAVINGS PLAN

Statements of Net Assets Available for Plan Benefits

December 31, 2002 and 2001

(In thousands)

	2002	2001
Assets:		
Investment interest in Master Trust at fair value (Note 4)	\$2,839,106	3,217,629
Participant loans receivable	66,999	74,315
Net assets available for benefits	\$2,906,105	3,291,944

The accompanying notes are an integral part of these financial statements.

XEROX CORPORATION SAVINGS PLAN

Statement of Changes in Net Assets Available for Plan Benefits

Year ended December 31, 2002

(In thousands)

	2002
Additions:	
Additions to net assets attributed to:	
Contributions:	
Participant	\$195,220
Rollovers from non-Xerox plans	2,851
Rollovers from RIGP and ESOP	112,329
Total contributions	310,400
Investment loss from Plan interest in Master Trust, net of administrative expenses	(296,317)
Interest income on participant loans	5,490
Total additions	19,573
Deductions:	
Deductions from net assets attributed to:	
Benefits paid to participants	(380,716)
Transfers out of Plan	(24,696)
Total deductions	(405,412)
Net decrease in assets available for benefits	(385,839)
Net assets available for benefits:	
Beginning of year	3,291,944
End of year	\$2,906,105

The accompanying notes are an integral part of these financial statements.

XEROX CORPORATION SAVINGS PLAN

Notes to Financial Statements

December 31, 2002 and 2001

(1) Description of the Plan

The following description of the Xerox Corporation Savings Plan provides only general information. Participants should refer to the summary plan description and the Plan document for a more complete description of the Plan's provisions.

(a) General

The Plan is a defined contribution plan covering substantially all full and part-time U.S. employees of Xerox Corporation (the "Company") and participating subsidiaries, except those covered by a collective bargaining agreement unless that agreement calls for participation in the Plan. Eligible employees are automatically entitled to participate in the 401(k) savings portion of the Plan upon date of hire.

(b) Plan Amendments

In January 2001, the Xerox Corporation Savings Plan was amended to eliminate the cash/deferred component of profit sharing for all participants other than those covered by a collective bargaining agreement and those covered under the Plan's Schedule A, Contributions and Allocations for XESystems, Inc. employees. Effective January 2002, the Plan was amended to eliminate the cash/deferred component of those covered by a collective bargaining agreement.

(c) Contributions

Subject to limits imposed by the Internal Revenue Code (the "Code"), eligible employees may contribute up to 80% of pay (as defined in the Plan) through a combination of before-tax and after-tax payroll deductions. Participants direct the investment of their contributions into various investment options offered by the Plan.

Separated participants can elect to roll their balances from certain Company affiliate plans (the Xerox Retirement Income Guarantee Plan ("RIGP") or the Xerox Employee Stock Ownership Plan ("ESOP")) into their Plan balance. This is a one-time rollover election at the time they choose to receive a distribution from the RIGP or ESOP.

(d) Vesting of Benefits

Participants are vested immediately in their contributions and actual earnings thereon.

(e) Payment of Benefits

Upon termination of service, a participant may elect to defer receipt of benefits or receive a lump-sum amount equal to the value of his or her account. There were no benefits payable at December 31, 2002 and 2001.

(f) Investment Options

Plan participants are able to direct the investment of their Plan holdings (employer and employee contributions) into various investment options as offered under the Plan on a daily basis. The investment options consist of three tiers of funds (Tier I, II, and III); each tier consists of several underlying funds with various levels of market risk and returns. The options consist of several balanced funds, a company stock fund, several other stock funds, a bond fund, and a marketplace window (mutual funds).

(g) Participant Loans

Participants are permitted to borrow from their accounts subject to limitations set forth in the plan document. The loans are payable over terms up to 4.5 years except in the case of principle residence loans which are payable over terms up to 14.5 years. Loans bear interest at the quarterly Citibank commercial prime rate in effect at the time of loan issuance plus 1%. Principal and interest payments on the loans are redeposited into the participants' accounts based on their current investment allocation elections. Interest rates ranged from 5.75% to 11.5% and 7% to 11.5% at December 31, 2002 and 2001, respectively.

(h) Administration

The Company is responsible for the general administration of the Plan and for carrying out the Plan provisions. The trustee of the Plan is State Street Bank and Trust Company (the "Trustee"). Hewitt Associates ("the Recordkeeper") is the recordkeeper of the Plan.

(i) Plan Termination

The Plan was established with the expectation that it will continue indefinitely, however, the Company reserves the right to amend or terminate the Plan. In the event of a full or partial termination of the Plan, the rights of all affected participants in the value of their accounts would be nonforfeitable.

Notes to Financial Statements

December 31, 2002 and 2001

(2) Summary of Accounting Principles and Practices

(a) Basis of Accounting

The Plan's financial statements are prepared under the accrual basis of accounting.

(b) Benefit Payments

Benefit payments are recorded when paid.

(c) Contributions

Contributions are recorded when withheld from participants' pay.

(d) Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

(e) Basis of Presentation

The assets of the Plan are held in the Xerox Corporation Trust Agreement to Fund Retirement Plans (the "Master Trust"). The value of the Plan's interest in the Master Trust is based on the beginning of year value of the Plan's interest in the trust, plus actual contributions and investment results based on participant account balances, less actual distribution and allocated administrative expenses. For financial reporting purposes, income or loss on plan assets and any realized or unrealized gains or losses on such assets and expenses in the Master Trust are allocated to the Plan based on participant account balances.

The Master Trust holds assets for other Company-sponsored plans, some of which may be defined contribution plans and some defined benefit plans. Because the Plan's interest in the Master Trust is based on participant investment options, there are certain Master Trust investments in which the Plan does not invest.

(f) Valuation of Investments

The Plan's investment in the Master Trust is recorded at an amount equal to the Plan's interest in the underlying investments of the Master Trust. Investments of the Master Trust are stated at fair value. Common and preferred shares, corporate and government bonds are valued based on quoted market prices if available. Non-readily marketable investments are carried at estimated fair value. Registered investment companies and bank collective investment funds are valued based on net asset value. Purchases and sales of securities are recorded on a trade-date basis as affirmed by investment managers. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Participant notes receivable are valued at cost which approximates fair value.

(g) Administrative Expenses

Certain administrative expenses such as, Trustee, custodian and investment manager fees are paid by the Master Trust and are netted against Master Trust investment income (loss). Certain other administrative expenses are paid by the Company.

(h) Risks and Uncertainties

Investments are exposed to various risks, such as interest rate and market. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible that the changes in risks in the near term would materially affect the amount reported in the statements of assets available for benefits and the statement of changes in net assets available for benefits.

(i) Reclassifications

Certain prior period amounts have been reclassified to conform with current period presentation.

XEROX CORPORATION SAVINGS PLAN

Notes to Financial Statements

December 31, 2002 and 2001

(3) Federal Income Tax Status

The Internal Revenue Service has determined and informed the Company by a letter dated August 28, 2002, covering Plan amendments through October 25, 2001, that the Plan and related Master Trust are designed in accordance with applicable sections of the Internal Revenue Code ("IRC"). The Plan has been amended since receiving the determination letter. However, the plan administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

(4) Master Trust

As discussed in Note 2, the Plan participates in the Master Trust. The Trustee holds the Master Trust's investment assets, provides administrative functions for each of the Plans participating in the Master Trust, and executes investment transactions as directed by participants. The following Xerox employee benefit plans represent the following percentages in the net assets of the Master Trust as of December 31:

	2002	2001
Xerox Corporation Savings Plan	44.8%	41.3%
The Profit Sharing Plan of Xerox Corporation and The Xerographic Division, Union of Needletrades, Industrial and Textile Employees, A.F.L. - C.I.O. - C.L.C.	3.2%	3.0%
Xerox Corporation Retirement Income Guarantee Plan	48.0%	51.2%
Retirement Income Guarantee Plan of Xerox Corporation and The Xerographic Division, Union of Needletrades, Industrial and Textile Employees, A.F.L. - C.I.O. - C.L.C.	4.0%	4.5%

XEROX CORPORATION SAVINGS PLAN

Notes to Financial Statements,

December 31, 2002 and 2001

The following financial information is presented for the Master Trust.

Statement of Net Assets of the Master Trust is as follows (in thousands) at:

	December 31,	
	2002	2001
Assets:		
Investments at fair value:		
At quoted market value -		
Short-term investments	\$ 23,620	96,307
Fixed income investments	832,708	1,558,989
Xerox common stock	236,090	334,459
Registered investment companies	828,384	263,965
Common and preferred stock	1,454,995	1,949,737
Common collective trusts	2,940,717	3,460,861
At estimated fair value -		
Interests in real estate trusts	1,382	2,025
Other investments	170,970	264,102
Receivables:		
Accrued interest and dividends	13,385	25,516
Receivable for securities sold	276,289	962,158
Other receivables	840	60
 Total assets	 6,779,380	 8,918,179
Liabilities:		
Payable for securities purchased	428,849	1,123,575
Other	15,295	8,516
 Total liabilities	 444,144	 1,132,091
 Net assets available for benefits	 \$6,335,236	 7,786,088

XEROX CORPORATION SAVINGS PLAN

Notes to Financial Statements

December 31, 2002 and 2001

Statement of changes in net assets of the Master Trust for the year ended December 31, 2002 is as follows (in thousands):

Additions (deductions) to net assets attributable to:

Investment earnings:	
Interest and dividends	\$ 99,674
Net depreciation of investments	(914,974)
Margin variation on futures contracts	(3,196)
Foreign currency gain	9,733
Other	11,001
Total investment losses	(797,762)
Total additions (deductions)	(797,762)

Deductions from net assets attributable to:

Net transfers out of Master Trust	(613,117)
Administrative expenses	(39,973)
Total deductions	(653,090)

Net decrease in net assets available for benefits (1,450,852)

Net assets available for benefits:

Beginning of year	7,786,088
End of year	\$6,335,236

The Finance Committee of the Xerox Board of Directors approves the overall investment strategy for the Master Trust investments, including the broad guidelines under which they are managed. The Finance Committee consists of four members of the Xerox Corporation Board of Directors, none of whom are officers of Xerox Corporation. The Xerox Corporate Treasurer chairs the Fiduciary Investment Review Committee, which is composed of corporate officers who oversee the management of the funds on a regular basis. As of October 26, 2001, Xerox retained General Motors Asset Management and its affiliates to provide investment services to this plan, including investment management, asset allocation, research, and the selection, evaluation, and monitoring of investment managers.

XEROX CORPORATION SAVINGS PLAN

Notes to Financial Statements

December 31, 2002 and 2001

During 2002, the Master Trust's investments (including investments bought, sold, as well as held during the year) (depreciated) in value as follows (in thousands):

December 31, 2002

Investments at quoted market value:

Short-term and fixed income investments	\$ (28,098)
Xerox stock fund	(63,507)
Registered investment companies	(419,485)
Common and preferred stock	(56,199)
Common collective trusts	(246,310)

Investments at estimated fair value:

Interest in real estate trusts	(643)
Interest in other investments	(100,732)

Net depreciation \$(914,974)

(5) Related Party Transactions

The Plan invests in a unitized stock fund, The Xerox Stock Fund (the "Fund"), which is primarily comprised of Xerox Corporation common shares. The unit values of the Fund are recorded and maintained by the Trustee. During the year ended December 31, 2002, the Plan purchased common shares in the Fund in the approximate amount of \$29,103,494, sold common shares in the Fund in the approximate amount of \$61,525,310, and had net depreciation in the Fund of approximately \$(69,327,165). The total value of the Plan's investment in the Fund was approximately \$219,563,700 and \$311,046,870 at December 31, 2002 and 2001, respectively. These transactions, as well as participant loans, qualify as party-in-interest transactions.

In addition, certain funds are managed by an affiliate of the Trustee and therefore qualify as party-in-interest transactions.

(6) Contingencies

In the normal course of business, the Plan enters into agreements that contain a variety of representations and warranties which provide general indemnifications. The Plan's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Plan that have not yet occurred. However, based on experience, the Plan expects the risk of loss to be remote.

XEROX CORPORATION SAVINGS PLAN

Schedule of Assets (Held at End of Year)-Schedule H, Part IV, Item 4i Schedule I

December 31, 2002

Identity of issuer, borrower, lessor, or similar party	Description of investment including maturity date, rate of interest, collateral, par or maturity value	Current value
*Participant loans receivable	Loans to Plan participants, maturity dates through June 27, 2017, interest rates from 5.75% to 11.5% per annum	\$66,999,316

*Party-in-interest.

Report of Independent Auditors

To the Participants and Administrator of
Xerox Corporation Savings Plan:

In our opinion, the accompanying statements of net assets available for benefits and the related statement of changes in net assets available for benefits present fairly, in all material respects, the net assets available for benefits of Xerox Corporation Savings Plan (the "Plan") at December 31, 2002 and 2001, and the changes in net assets available for benefits for the year ended December 31, 2002 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Plan's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP

New York, New York
June 16, 2003

CONSENT OF INDEPENDENT AUDITORS

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (Nos. 2-86274 and 333-22059) of Xerox Corporation of our report dated June 16, 2003, relating to the financial statements of the Xerox Corporation Savings Plan which appears in this Form 11-K.

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP

New York, New York
June 25, 2003

XEROX
CORPORATION
SAVINGS PLAN

FORM 11-K

EXHIBIT 99-3

CERTIFICATION OF PLAN ADMINISTRATOR AND ASSISTANT TREASURER PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Form 11-K of the Xerox Corporation Savings Plan (the "Registrant") for the year ending December 31, 2002, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Lawrence M. Becker, Plan Administrator of the registrant, and Lance Davis, Assistant Treasurer, Xerox Corporation, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of their knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ LAWRENCE M. BECKER

LAWRENCE M. BECKER
PLAN ADMINISTRATOR
JUNE 25, 2003

/s/ Lance Davis

Lance Davis
Assistant Treasurer
June 25, 2003

This certification accompanies this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Registrant for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by Section 906 has been provided to the Xerox Corporation Savings Plan and will be retained by the Xerox Corporation Savings Plan and furnished to the Securities and Exchange Commission or its staff upon request.