

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K
CURRENT REPORT

Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

Date of Report (date of earliest event reported):
April 11, 2002

XEROX CORPORATION
(Exact name of registrant as specified in its charter)

New York
(State or other
jurisdiction of
incorporation)

1-4471
(Commission File Number)

16-0468020
(IRS Employer
Identification No.)

800 Long Ridge Road
P. O. Box 1600
Stamford, Connecticut 06904-1600
(Address of principal executive offices)(Zip Code)

Registrant's telephone number, including area code:
(203) 968-3000

Not Applicable
(Former name or former address, if changed since last report)

Item 5. Other Events.

Registrant announced on April 11, 2002 that it has concluded its settlement with the Securities and Exchange Commission on the previously disclosed proposed allegations related to matters that have been under investigation since June 2000. As a result, the Commission filed on April 11, 2002 a complaint, which Registrant simultaneously settled by consenting to the entry of an Order enjoining Registrant from future violations of Section 17(a) of the Securities Act of 1933, Sections 10(b), 13(a) and 13(b) of the Securities Exchange Act of 1934 and Rules 10b-5, 12b-20, 13a-1, 13a-13 and 13b2-1 thereunder, requiring a civil penalty of \$10 million, and imposing other ancillary relief. Registrant neither admits nor denies the allegations of the complaint.

"The settlement with the Commission effectively resolves Registrant's outstanding issues with the SEC," said Anne M. Mulcahy, Registrant's Chairman and Chief Executive Officer. "Xerox today is a stronger company with a new management team that has taken all the right steps to turn our business around. With the SEC matters now behind us, we are better positioned to continue fortifying our business through operational improvements and future growth opportunities -- creating enhanced value for our customers and shareholders."

Under the terms of the settlement, Registrant announced last week that it will restate its financials for the years 1997 through 2000 as well as adjust previously announced 2001 results. The restatement will primarily reflect adjustments in the timing and allocation of lease revenue recognition, which will be reallocated among equipment, service and finance revenue streams as appropriate by applying a methodology different than the one Registrant had used during those years. The resulting timing and allocation adjustments cannot be estimated until the restatement process has been completed. In any event, there will be no impact on the cash that has been received or is contractually due to be received from these leases. Furthermore, the monetary value of the leases does not change. The restatement will also include adjustments due to the establishment and release of certain reserves prior to 2001 and other miscellaneous items.

As part of the settlement, and to allow for the additional time required to prepare the restatement and to make these adjustments, the Commission has issued an Order pursuant to Section 36 of the Exchange Act ("Exemptive Order") permitting the Registrant and its subsidiary, Xerox Credit Corporation, to file their respective 2001 10-Ks and first-quarter 2002 10-Qs on or before June 30, 2002. The Exemptive Order provides that such filings made on or before June 30, 2002 will be deemed to have been filed on the prescribed due date.

Registrant has also agreed as part of the settlement that a special committee of its Board of Directors will retain an independent consultant to review its material accounting controls and policies. The Board will share the outcome of this review with the SEC.

Reference is made to Item 7 of this Current Report on Form 8-K, under which a copy of the Order Under Section 36 of the Securities Exchange Act of 1934 Granting Exemptions from Certain Provisions of the Act and Rules Thereunder, dated April 11, 2002 (Release No. 45730) is filed, which is incorporated herein by reference.

Item 7. Financial Statements and Exhibits.

(d) Exhibits.

- 99.5 Order Under Section 36 of the Securities Exchange Act of 1934 Granting Exemptions from Certain Provisions of the Act and Rules Thereunder, dated April 11, 2002 (Release No. 45730).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, Registrant has duly authorized this report to be signed on its behalf by the undersigned duly authorized.

XEROX CORPORATION

/s/ Martin S. Wagner

By: Martin S. Wagner
Assistant Secretary

Dated: April 12, 2002

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99.5	Order Under Section 36 of the Securities Exchange Act of 1934 Granting Exemptions from Certain Provisions of the Act and Rules Thereunder, dated April 11, 2002 (Release No. 45730).	5

United States of America
Before the
Securities and Exchange Commission

Securities Exchange Act of 1934
Release No. 45730 / April 11, 2002

Order Under Section 36 of the Securities Exchange Act of 1934 Granting
Exemptions from Certain Provisions of the Act and Rules Thereunder

In connection with the Securities and Exchange Commission v. Xerox Corporation,
(S.D.N.Y.), and noting particularly:

1. The agreement of Xerox Corporation to the entry of an injunction from violations of Section 17(a) of the Securities Act of 1933, Sections 10(b), 13(a) and 13(b) of the Securities Exchange Act of 1934 and Rules 10b-5, 12b-20, 13a-1, 13a-13 and 13b2-1 under the Exchange Act;
2. Xerox Corporation's change in independent accountants as described in its Form 8-K filed October 5, 2001 and its agreement to restate its financial results for the fiscal years 1997, 1998, 1999 and 2000;
3. The agreement of Xerox Corporation to pay a \$10 million monetary penalty;
4. The agreement of Xerox Corporation to undertake remedial measures specified in the Final Judgment of Permanent Injunction and Other Relief filed in Securities and Exchange Commission v. Xerox Corporation, (SDNY);
5. Based on the Commission's view that sales may not be made pursuant to a registration statement filed by either Xerox Corporation or Xerox Credit Corporation under the Securities Act until the periodic reports referenced in this "Order Under Section 36 Of The Securities Exchange Act Of 1934 Granting Exemptions From Certain Provisions Of The Act And Rules Thereunder" ("Order") are, in fact, filed, Xerox Corporation has agreed not to facilitate these sales; and
6. Based on the Commission's view that it would not be appropriate for holders of Xerox Corporation or Xerox Credit Corporation securities to resell those securities without registration under the Securities Act in reliance on the safe harbor from the definition of "underwriter" provided by Rule 144 (other than reliance on Rule 144(k)) under the Securities Act until the periodic reports referenced in this Order are, in fact, filed, Xerox Corporation has agreed not to facilitate these sales,

the Commission finds, based upon the foregoing agreements and premises, that the exemptions set forth below are necessary and appropriate in the public interest and consistent with the protection of investors.

Accordingly, IT IS ORDERED, pursuant to Section 36 of the Exchange Act that:

1. Notwithstanding any other Commission rule or regulation, Xerox Corporation may file its annual report on Form 10-K for the fiscal year ended December 31, 2001 on or before June 30, 2002, and if so filed will be deemed to be filed on the prescribed due date;
2. Notwithstanding any other Commission rule or regulation, Xerox Corporation may file its quarterly report on Form 10-Q for the fiscal quarter ending March 31, 2002 on or before June 30, 2002, and if so filed will be deemed to be filed on the prescribed due date;
3. Notwithstanding any other Commission rule or regulation, Xerox Credit Corporation may file its annual report on Form 10-K for the fiscal year ended December 31, 2001 on or before June 30, 2002, and if so filed will be deemed to be filed on the prescribed due date; and
4. Notwithstanding any other Commission rule or regulation, Xerox Credit Corporation may file its quarterly report on Form 10-Q for the fiscal quarter ending March 31, 2002 on or before June 30, 2002, and if so filed will be deemed to be filed on the prescribed due date.

By the Commission.

J. Lynn Taylor
Assistant Secretary