

INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF
SECURITIESFiled pursuant to Section 16(a) of the Securities Exchange Act of 1934
or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person * <u>McDermott John E</u> (Last) (First) (Middle) <u>C/O XEROX CORPORATION</u> <u>P.O. BOX 1600 / 800 LONG RIDGE ROAD</u> (Street) <u>STAMFORD CT 06904</u> (City) (State) (Zip)	2. Date of Event Requiring Statement (Month/Day/Year) <u>10/01/2004</u>	3. Issuer Name and Ticker or Trading Symbol <u>XEROX CORP [XRX]</u>	
		4. Relationship of Reporting Person(s) to Issuer (Check all applicable) Director 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) <u>Vice President</u>	5. If Amendment, Date of Original Filed (Month/Day/Year) 6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Beneficially Owned

1. Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
Common Stock	9,306	D	
Common Stock	2,595	I	Employee Stock Ownership
Incentive Stock Rights	19,000 ⁽¹⁾	D	

Table II - Derivative Securities Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)		3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)		4. Conversion or Exercise Price of Derivative Security	5. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	6. Nature of Indirect Beneficial Ownership (Instr. 5)
	Date Exercisable	Expiration Date	Title	Amount or Number of Shares			
Stock Option	01/01/2003 ⁽²⁾	12/31/2011	Common Stock	7,000	5.87	D	
Stock Option	01/01/2003 ⁽²⁾	12/31/2012	Common Stock	28,100	5.87	D	
Stock Option	01/01/2004 ⁽²⁾	12/31/2012	Common Stock	28,100	7.885	D	
Stock Option	01/01/2005 ⁽²⁾	12/31/2011	Common Stock	25,000	13.685	D	
Stock Option	01/01/2005 ⁽²⁾	12/31/2011	Common Stock	6,000	15.205	D	

Explanation of Responses:

1. Restricted awards vest over three years, 33.3% per year beginning with 01/01/2005.

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

K.W. Fizer, Attorney-in Fact 10/12/2004

** Signature of Reporting Person Date

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

* If the form is filed by more than one reporting person, see Instruction 5 (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).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.

POWER OF ATTORNEY

The undersigned hereby authorizes each of L. F. Varon, K. W. Fizer and S.K. Lee, with full power to act alone, to file one or more beneficial ownership reports on behalf of the undersigned disclosing the undersigned's beneficial ownership of securities of Xerox Corporation, and amendments thereto, pursuant to the requirements of the Securities Exchange Act of 1934, as amended, which reports and amendments shall contain such information as either L. F. Varon, K. W. Fizer or S. K. Lee deems appropriate. The undersigned hereby appoints each of L. F. Varon, K. W. Fizer and S. K. Lee as attorneys-in-fact, with full powers to act alone, to execute such Forms and any and all amendments thereto in the name and on behalf of the undersigned and to file with the Securities and Exchange Commission a form of this Power of Attorney, hereby granting to said attorneys, and each of them, full power and authority to do and perform each and every act and thing whatsoever that said attorney or attorneys may deem necessary or advisable to carry out fully the intent of the foregoing as the undersigned might or could do personally.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney as of the 8th day of October, 2004.

/s/John E. McDermott