

**ANNUAL STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**

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.

Filed 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>PEPPER JOHN E</u>  (Last) (First) (Middle) 800 LONG RIDG ROAD P. O. BOX 1600  (Street) STAMFORD 06904  (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>XEROX CORP [ XRX ]</u>	5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director 10% Owner  Officer (give title below) Other (specify below)
	3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year) 12/31/2003	
	4. 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 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)
				Amount	(A) or (D)	Price			
Common Stock							62,550.2969	D	
Common Stock							24,000	I	By John E. Pepper GRAT <sup>(5)</sup>
Common Stock							24,000	I	By Frances Pepper GRAT <sup>(5)</sup>

**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 Securities Underlying Derivative Security (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
					(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares				
Stock Option	\$10.5						01/01/2004 <sup>(1)</sup>	05/15/2013	Common Stock	5,000		5,000	D	
Stock Option	\$6.8						01/01/2003 <sup>(1)</sup>	09/09/2012	Common Stock	5,000		5,000	D	
Stock Option	\$9.25						01/01/2002 <sup>(1)</sup>	08/28/2011	Common Stock	5,000		5,000	D	
Stock Option	\$26.5625						01/01/1997 <sup>(2)</sup>	05/22/2006	Common Stock	5,000		5,000	D	
Stock Option	\$27						01/01/2001 <sup>(1)</sup>	05/18/2010	Common Stock	5,000		5,000	D	
Stock Option	\$32.1563						01/01/1998 <sup>(2)</sup>	05/14/2007	Common Stock	5,000		5,000	D	
Stock Option	\$54.2188						01/01/1999 <sup>(1)</sup>	05/22/2006	Common Stock	5,000		5,000	D	
Stock Option	\$60.4375						01/01/2000 <sup>(1)</sup>	05/20/2009	Common Stock	5,000		5,000	D	
Deferred Comp.	\$0.00 <sup>(3)</sup>						08/08/1988 <sup>(3)</sup>	08/08/1988 <sup>(3)</sup>	Common Stock	\$0.00 <sup>(3)</sup>		\$135,482 <sup>(4)</sup>	D	

**Explanation of Responses:**

- Options vest over three years, 33.3% per year beginning in year shown.
- Options vest over three years, 33%, 33%, 34%, beginning in year shown.
- Not Applicable
- Hypothetical investment of deferred compensation in Xerox Stock Fund under the Xerox Saving Plan.
- This GRAT includes 8,500 shares previously held directly by reporting person and 15,500 shares previously held indirectly by spouse.

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 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).

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.**