

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, 2003

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 schedule of the Plan at December 31, 2003 and 2002 and for the year ended December 31, 2003, 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, 2003 and 2002 and for the year ended December 31, 2003
99-2	Consent of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm.

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 hereunto duly authorized.

XEROX CORPORATION SAVINGS PLAN

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

Stamford, Connecticut
Date: June 21, 2004

XEROX CORPORATION SAVINGS PLAN

Financial Statements and Schedule

December 31, 2003 and 2002

(With Independent Auditors' Report Thereon)

XEROX CORPORATION SAVINGS PLAN

Statements of Net Assets Available for Plan Benefits

December 31, 2003 and 2002

(In thousands)

	2003	2002
Assets:		
Investment interest in Master Trust at fair value (Note 4)	\$3,557,666	2,839,106
Participant loans receivable	65,832	66,999
Employer Contributions Receivable	11,572	-
Net assets available for benefits	\$3,635,070	2,906,105

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, 2003

(In thousands)

	2003
Additions:	
Additions to net assets attributed to:	
Contributions:	
Participant	\$ 195,237
Employer	48,264
Rollovers	2,116
Rollovers (from RIGP and ESOP)	174,933
Transfers into Plan	2,983
Total contributions	423,533
Net appreciation from Plan interest in Master Trust, net of administrative expenses	659,552
Interest income on participant loans	4,132
Total additions	1,087,217
Deductions:	
Deductions from net assets attributed to:	
Benefits paid to participants	358,252
Total deductions	358,252
Net increase in assets available for benefits	728,965

Net assets available for benefits:	
Beginning of year	2,906,105
End of year	\$3,635,070

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

XEROX CORPORATION SAVINGS PLAN

Notes to Financial Statements

December 31, 2003

(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. Employees are automatically eligible to participate in the Plan upon date of hire.

(b) 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. Effective January 1, 2003, the Company shall make contributions on behalf of the Participants of an amount equal to 50% of the amount of the employee before-tax savings contributions (up to 6%), which equals a maximum match of 3% of annual pay up to the IRS 401(k) elective deferral limit.

(c) Vesting of Benefits

Participants are vested immediately in employee and employer contributions and actual earnings thereon.

(d) 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.

(e) 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).

(f) 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 14.5 years and 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 5.00% to 11.5% at December 31, 2003.

(g) 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.

(h) 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.

(i) Reclassifications

Certain reclassifications have been made to the fiscal year 2002 balances to conform with current year presentation.

XEROX CORPORATION SAVINGS PLAN

Notes to Financial Statements

December 31, 2003

(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 income (loss) based on participant account balances, less actual distribution and allocated administrative expenses. For financial reporting purposes, income 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/Investment Income

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 shares are valued based on quoted market prices. 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. 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 net 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 net assets available for plan benefits and the statement of changes in net assets available for plan benefits.

XEROX CORPORATION SAVINGS PLAN

Notes to Financial Statements

December 31, 2003

(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 30, 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 believes 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:

	2003	2002
Xerox Corporation Savings Plan	46.5%	44.8%
The Savings Plan of Xerox Corporation and the Xerographic Division, Union of Needletrades, Industrial and Textile Employees, A.F.L. - C.I.O. - C.L.C.	3.1%	3.2%
Xerox Corporation Retirement Income Guarantee Plan	46.8%	48.0%
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.	3.6%	4.0%

XEROX CORPORATION SAVINGS PLAN

Notes to Financial Statements,

December 31, 2003

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,	
	2003	2002
Assets:		
Investments at fair value:		
At quoted market value -		
Short-term investments	15,997	8,579
Fixed income investments	37,425	832,708
Xerox common stock	364,220	236,090
Registered Investment Companies	307,729	290,177
Common and preferred stock	158,716	1,454,995
Common collective trust	6,588,848	3,492,211
At estimated fair value -		
Interests in real estate trusts	9,092	1,382
Other investments	172,053	172,724
Receivables:		
Accrued interest and dividends	951	13,385
Receivable for securities sold	1,406	276,289
Other receivables	184	840
Total assets	7,656,621	6,779,380
Liabilities:		
Payable for securities purchased	12,425	428,849
Other	1,265	15,295
Total liabilities	13,690	444,144
Net assets available for benefits	\$7,642,931	6,335,236

XEROX CORPORATION SAVINGS PLAN

Notes to Financial Statements

December 31, 2003

Statement of Changes in Net Assets of the Master Trust for the year ended December 31, 2003 is as follows (in thousands):

Additions (deductions) to net assets attributable to:

Investments:

Interest and dividends	63,558
Net appreciation of investments	1,474,002
Variation margin on futures contracts	8,410
Foreign currency loss	(11,836)
Other	10,400

Total investment gains 1,544,534

Total additions from investments 1,544,534

Deductions from net assets attributable to:

Net transfers out of Master Trust	200,514
Administrative expenses	36,325

Total deductions 236,839

Net increase in net assets available for benefits 1,307,695

Net assets available for benefits:

Beginning of year	6,335,236
End of year	\$7,642,931

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. As of December 31, 2003, the Finance Committee consisted 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, 2003

During 2003, the Master Trust's investments (including investments bought, sold, as well as held during the year) appreciated/(depreciated) in value as follows (in thousands):

December 31, 2003

Investments at quoted market value:

Short-term and fixed income investments	\$ 68,218
Xerox stock	158,336
Registered investment companies	54,867
Common and preferred stock	273,924
Common collective trusts	920,177

Investments at estimated fair value:

Interest in real estate trusts	(672)
Interest in other investments	(848)

Net appreciation \$1,474,002

(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, 2003, the Plan purchased common shares in the Fund in the approximate amount of \$47,381,782, sold common shares in the Fund in the approximate amount of \$75,320,937, and had net appreciation in the Fund of approximately \$146,381,481. The total value of the Plan's investment in the Fund was approximately \$336,721,058 and \$219,563,700 at December 31, 2003 and 2002, 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, 2003

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 5.00% to 11.5% per annum	\$65,831,799

*Party-in-interest.

Report of Independent Registered Public Accounting Firm

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, 2003 and 2002, and the changes in net assets available for benefits for the year ended December 31, 2003 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 the standards of the Public Company Accounting Oversight Board and auditing standards generally accepted in the United States of America. Those standards require 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

Stamford, Connecticut
June 18, 2004

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-22059) of Xerox Corporation of our Report of Independent Registered Public Accounting Firm dated June 18, 2004, relating to the financial statements of the Xerox Corporation Savings Plan which appears in this Form 11-K.

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP

Stamford, Connecticut
June 18, 2004