

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM S-8  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

Xerox Corporation  
(Exact name of registrant as specified in its charter)

New York  
(State or other jurisdiction of incorporation or organization)

16-0468020  
(I.R.S. Employer Identification No.)

P.O. Box 1600, 800 Long Ridge Road, Stamford, Connecticut 06904-1600  
(Address of Principal Executive Offices) (Zip Code)

Xerox Corporation 1996 Non-Employee Director Stock Option Plan  
(Full title of the plan)

Martin S. Wagner  
Assistant Secretary  
Xerox Corporation  
P.O. Box 1600  
Stamford, Connecticut 06904  
(Name and address of agent for service)

(203) 968-3000  
(Telephone number, including area code, of agent for service)

CALCULATION OF REGISTRATION FEE

Title of securities to be registered	Amount to be registered	Proposed maximum offering price per share*	Proposed maximum aggregate offering price*	Amount of registration fee
Common Stock, \$1 par value	1,000,000 shares	\$52.75	\$52,750,000	\$18,190

\* Estimated using the average of the high and low prices for Xerox Corporation Common Stock on the New York Stock Exchange on August 5, 1996 solely for purposes of determining the registration fee pursuant to Rule 457(h)(1) and Rule 457(c) under the Securities Act of 1933, as amended.

PROSPECTUS

XEROX CORPORATION  
800 Long Ridge Road  
Stamford, Connecticut 06904  
(203) 968-3000

1,000,000 Shares of Common Stock  
(par value \$1.00 per share)

This Prospectus relates to the reoffer and resale from time to time by certain shareholders of Xerox Corporation (the "Company") identified herein under the heading "Selling Shareholders" (collectively, the "Selling Shareholders") of up to 1,000,000 shares (the "Offered Shares") of Common Stock, par value \$1.00 per share ("Common Stock"), of the Company issuable to such Selling Shareholders upon the exercise of outstanding stock options

heretofore granted and hereafter from time to time granted under the Xerox Corporation 1996 Non-Employee Director Stock Option Plan (as amended or otherwise modified from time to time, the "Plan"). See "Selling Shareholders".

The Offered Shares may be sold from time to time by the Selling Shareholders or by permitted beneficiaries, transferees and assignees on one or more national securities exchanges, including The New York Stock Exchange, Inc. (the "NYSE") and The Chicago Stock Exchange (the "CSE"), or in the over-the-counter market, or in negotiated transactions, at prices and at terms then prevailing, or at prices related to the then current market price, or at negotiated prices and terms. Upon any sale of the Offered Shares, Selling Shareholders or permitted beneficiaries, transferees and assignees, and participating agents, brokers or dealers may be deemed to be underwriters as that term is defined in the Securities Act of 1933, as amended (the "Securities Act"), and commissions or discounts or any profit realized on the resale of the Offered Shares may be deemed to be underwriting commissions or discounts under the Securities Act. See "Plan of Distribution".

The Company will not receive any part of the proceeds from the sale of the Offered Shares. All expenses (other than discounts, concessions and commissions) incurred in connection with this offering are being borne by the Company.

The Common Stock is listed for trading on the NYSE and the CSE. The last reported sale price of the Common Stock on the NYSE on August 8, 1996 was \$53-5/8 per share.

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THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this Prospectus is August 9, 1996.

#### AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance herewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information filed by the Company can be inspected and copied at the public reference facilities of the Commission at 450 Fifth Street, N.W. (Room 1024), Judiciary Plaza, Washington, D.C. 20549; as well as at the Regional Offices of the Commission located at Northwestern Atrium Center, 500 West Madison Street (Suite 1400), Chicago, Illinois 60661; and Seven World Trade Center (13th Floor), New York, New York 10048. Copies of such material can be obtained from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. The Commission maintains a Web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the Commission at <http://www.sec.gov>. Such reports, proxy statements and other information concerning the Company also may be inspected at the offices of the NYSE, 20 Broad Street, New York, New York 10005, and the CSE, One Financial Plaza, 120 South LaSalle Street, Chicago, Illinois 60603.

The Company has filed with the Commission a Registration Statement on Form S-8 under the Securities Act with respect to the Offered Shares. For further information with respect to the Company and the Offered Shares, reference is made to such Registration Statement, including all documents filed as exhibits thereto. Statements contained in this Prospectus as to the Plan and the contents of any document are not necessarily complete, and in each instance, reference is hereby made to the copy of the Plan and such document filed as an exhibit to such Registration Statement, such statement being qualified in all respects by such reference. Such Registration Statement can be inspected and copied at the public reference facilities of the Commission referred to above.

#### INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

There are incorporated herein by reference the following documents filed with the Commission (File No. 1-4471) by the Company pursuant to the Exchange Act:

(1) Annual Report on Form 10-K for the fiscal year ended December 31, 1995;

(2) Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 1996 and June 30, 1996;

(3) Current Reports on Form 8-K dated January 18, 1996 and February 7, 1996;

(4) The description of the Company's Shareholders Rights Plan and the Rights Agreement dated as of April 6, 1987, as amended and restated as of February 6, 1989, between the Company and The Chase Manhattan Bank, N.A., as successor to Chase Lincoln First Bank, N.A. (as amended and restated, the "Rights Agreement"), which are contained in or filed as an exhibit to the Registration Statement on Form 8-A, as amended by Amendment No. 1 on Form 8 and Amendment No. 2 on Form 8-A, filed with the Commission on April 6, 1987, February 6, 1989 and June 4, 1996, respectively, relating to the Rights to Purchase Series A Cumulative Preferred Stock (the "Preferred Stock Purchase Rights"); and

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(5) The description of the Company's Common Stock contained in the Registration Statement on Form 8-A, as amended by Amendment No. 1 on Form 8 and Amendment No. 2 on Form 8-A, filed with the Commission on February 23, 1990, March 8, 1990 and June 4, 1996, respectively, relating to the Company's Common Stock and Preferred Stock Purchase Rights.

All documents filed by the Company pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of this Prospectus and prior to the termination of the offering of the Common Stock offered hereby shall be deemed to be incorporated by reference into this Prospectus. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

The Company will provide without charge to each person to whom this Prospectus is delivered, including any beneficial owner, upon written or oral request of such person, a copy of any or all of the foregoing documents incorporated herein by reference (other than exhibits to such documents, unless such exhibits are specifically incorporated by reference in such documents). Requests should be directed to The First National Bank of Boston, P.O. Box 9155, Boston, Massachusetts 02205, telephone: 1-800-828-6396.

#### USE OF PROCEEDS

The Company will not receive any of the proceeds from the sale of any Offered Shares by any Selling Shareholder. All of the proceeds from the sale of the Offered Shares are expected to be received by the Selling Shareholders.

#### SELLING SHAREHOLDERS

The Offered Shares are expected to be acquired by the Selling Shareholders upon the exercise of stock options heretofore granted and hereafter from time to time granted under the Plan which have been registered under the Securities Act.

The following table sets forth (a) the names of the Selling Shareholders, (b) the material relationships with the Company or its affiliates within the past three years, (c) the number of shares of Common Stock beneficially owned by each of the Selling Shareholders as of July 31, 1996, (d) the number of shares of Common Stock which each of the Selling Shareholders may acquire pursuant to the exercise of outstanding stock options granted under the Plan, some or all of which may from time to time be sold pursuant to this Prospectus, and (e) the number of shares of Common Stock to be beneficially owned by each of the Selling Shareholders after the completion of this offering, assuming the sale of all Offered Shares and no other acquisition or sale by such Selling Shareholder of any additional shares of Common Stock. None of the Selling Shareholders owns any other securities of the Company or 1% or more of the outstanding shares of Common Stock after this offering is completed.

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(a) Name	(b) Material Relationship	(c) Number of Shares Owned As of July 31, 1996	(d) Number of Shares Offered Hereby	(e) Number of Shares Owned After the Offering
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B. R. Inman	Director since 1987	3,643	2,500	3,643
Antonia Ax:son Johnson	Director since 1996	27	2,500	27
Vernon E. Jordan, Jr.	Director since 1974	11,353	2,500	11,353
Yotaro Kobayashi	Director since 1987	6,802	2,500	6,802
Hilmar Kopper	Director since 1991	6,449	2,500	6,449
Ralph S. Larsen	Director since 1990	8,889	2,500	8,889
John D. Macomber	Director since 1993, and 1987 to 1989	7,465	2,500	7,465
George J. Mitchell	Director since 1995	964	2,500	964
N. J. Nicholas, Jr.	Director since 1987	9,337	2,500	9,337
John E. Pepper	Director since 1990	15,386*	2,500	15,386*
Martha R. Seger	Director since 1991	3,511	2,500	3,511
Thomas C. Theobald	Director since 1983	4,243	2,500	4,243

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\* Includes 3,000 shares owned by the immediate family members.

There is no assurance that any of the Selling Shareholders will sell any or all of the shares of Common Stock offered by them under this Prospectus. The Prospectus may from time to time be amended or supplemented to add or delete persons who have acquired or will acquire shares of Common Stock under the Plan, or who have disposed of such shares of Common Stock, to or from the list of Selling Shareholders.

#### PLAN OF DISTRIBUTION

The Offered Shares may be sold from time to time in one or more transactions by the Selling Shareholders or by permitted beneficiaries, transferees and assignees on one or more national securities exchanges, including the NYSE and the CSE, or in the over-the-counter market, or in negotiated transactions, at prices and at terms then prevailing, or at prices related to the then current market price, or at negotiated prices and terms. Such shares may be sold by one or more of the following methods, without limitation: (a) a block trade in which the broker or dealer so engaged will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction; (b) purchases by a broker or dealer as principal and resale by such broker or dealer for its account pursuant to this Prospectus; (c) ordinary brokerage transactions and transactions in which the broker solicits purchasers; (d) an exchange distribution in accordance with the rules of any such exchange; and (e) face-to-face transactions between sellers and purchasers without a broker or dealer. In effecting sales, brokers and dealers engaged by the Selling Shareholders may arrange for other brokers and dealers to participate. Such brokers and dealers may receive commissions or discounts from Selling Shareholders in amounts to be negotiated immediately prior to the sale. Such brokers or dealers and any other participating brokers

or dealers may be deemed to be "underwriters" within the meaning of the Securities Act in connection with such sales. In addition, any Offered Shares that qualify for sale pursuant to Rule 144 under the Securities Act may be

sold under such Rule rather than pursuant to this Prospectus.

All expenses (other than discounts, concessions and commissions to underwriters, brokers, dealers or agents) incurred in connection with this offering are being borne by the Company.

LEGAL OPINION

The validity of the shares of Common Stock to be offered hereby will be passed upon for the Company by Martin S. Wagner, Esq., Associate General Counsel, Corporate, Finance and Ventures of the Company.

EXPERTS

The consolidated financial statements and schedule of the Company and consolidated subsidiaries included in the Company's Annual Report on Form 10-K as of December 31, 1995 and 1994, and for each of the years in the three-year period ended December 31, 1995, incorporated by reference herein and elsewhere in the Registration Statement, have been incorporated by reference herein and in the Registration Statement in reliance upon the reports set forth therein of KPMG Peat Marwick LLP, independent certified public accountants, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

No dealer, salesman or any other person has been authorized to give any information or to make any representations, other than those contained in this Prospectus, in connection with the offer contained in this Prospectus, and, if given or made, such information or representations must not be relied upon as having been authorized by the Company or any of its agents. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to its date. This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

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XEROX CORPORATION

1,000,000 Shares

Common Stock  
(par value \$1.00 per share)

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Documents by Reference.

Xerox Corporation ("Xerox" or the "Company") hereby incorporates by reference in this registration statement the following documents and information heretofore filed with the Securities and Exchange Commission (the "Commission") (File No. 1-4471):

(a) Annual Report on Form 10-K for the fiscal year ended December 31, 1995;

(b) Quarterly Reports on Form 10-Q for the quarters ended March 31, 1996 and June 30, 1996;

(c) Current Reports on Form 8-K dated January 18, 1996 and February 7, 1996;

(d) The description of the Company's Shareholders Rights Plan and the Rights Agreement dated as of April 6, 1987, as amended and restated as of February 6, 1989, between the Company and The Chase Manhattan Bank, N.A., as successor to Chase Lincoln First Bank, N.A. (as amended and restated, the "Rights Agreement"), which are contained in or filed as an exhibit to the Registration Statement on Form 8-A, as amended by Amendment No. 1 on Form 8 and Amendment No. 2 on Form 8-A, filed with the Commission on April 6, 1987, February 6, 1989 and June 4, 1996, respectively, relating to the Rights to Purchase Series A Cumulative Preferred Stock (the "Preferred Stock Purchase Rights"); and

(e) The description of the Company's Common Stock contained in the Registration Statement on Form 8-A, as amended by Amendment No. 1 on Form 8 and Amendment No. 2 on Form 8-A, filed with the Commission on February 23, 1990, March 8, 1990 and June 4, 1996, respectively, relating to the Company's Common Stock and Preferred Stock Purchase Rights.

All documents filed by the Company pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act subsequent to the date of this Prospectus and prior to the filing of a post-effective amendment which indicates that all securities offered hereunder have been sold or which deregisters all securities covered hereby then remaining unsold shall be deemed to be incorporated by reference in this Registration Statement and to be a part hereof from the date of filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained herein or in any subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Registration Statement.

Item 4. Description of Securities.

Not applicable.

Item 5. Interests of Named Experts and Counsel.

The legality of the shares of Common Stock offered pursuant to this registration statement has been passed upon for the Company by Martin S. Wagner, Esq., Associate General Counsel, Corporate, Finance and Ventures of the Company.

Item 6. Indemnification of Directors and Officers.

Article VIII, Section 2 of the Company's By-Laws states:

"Indemnification of Directors and Officers: Except to the extent expressly prohibited by law, the Company shall indemnify any person, made or threatened to be made, a party in any civil or criminal action or proceeding, including an action or proceeding by or in the right of the Company to procure a judgment in its favor or by or in the right of any other corporation of any type or kind, domestic or foreign, or any partnership, joint venture, trust, employee benefit plan or other enterprise, which any Director or officer of the Company served in any capacity at the request of the Company, by reason of the fact that he, his testator or intestate is or was a Director or officer of the Company or serves or served such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, in any capacity, against judgments, fines, penalties, amounts paid in settlement and reasonable expenses, including attorneys' fees, incurred in connection with such action or proceeding, or any appeal therein, provided that no such indemnification shall be required with respect to any settlement unless the Company shall have given its prior approval thereto. Such indemnification shall include the right to be paid advances of any expenses incurred by such person in connection with such action, suit or proceeding, consistent with the provisions of applicable law. In addition to the foregoing, the Company is authorized to extend rights to indemnification and advancement of expenses to such persons by i) resolution of the shareholders, ii) resolution of the Directors or iii) an agreement, to the extent not expressly prohibited by law."

Reference is made to Sections 721 through 726 of the Business Corporation Law of the State of New York.

Item 7. Exemption from Registration Claimed.

Not applicable.

Item 8. Exhibits.

The following is a list of exhibits filed as part of this registration statement:

Exhibit No.	Description
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(4)	Xerox Corporation 1996 Non-Employee Director Stock Option Plan.
(5)	Opinion of Martin S. Wagner, Esq.
(23) (a)	Consent of Independent Auditors.
(b)	Consent of Martin S. Wagner, Esq. (see Exhibit 5).
(24) (a)	Certified Resolution.
(b)	Power of Attorney.

Item 9. Undertakings.

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales of the securities registered hereby are being made, a post-effective amendment to this registration statement (i) to include any prospectus required by section 10(a)(3) of the Securities Act of 1933 (the "Act"); (ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement; and (iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement; provided, however, that paragraphs (i) and (ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the Company pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in this registration statement.

(2) That, for the purpose of determining any liability under the Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Act, each filing of the registrant's annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

The Registrant. Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Stamford, State of Connecticut, on the 9th day of August, 1996.

XEROX CORPORATION (Registrant)

By: /s/ PAUL A. ALLAIRE\*

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Paul A. Allaire  
Chairman of the Board and  
Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities indicated as of August 9, 1996.

(Signature) (Title)

Principal Executive Officer:  
PAUL A. ALLAIRE\* Chairman of the Board, Board, Chief  
Executive Officer and Director

Principal Financial Officer:  
BARRY D. ROMERIL\* Executive Vice President and  
Chief Financial Officer

Principal Accounting Officer:  
PHILIP D. FISHBACH\* Vice President and Controller

Directors:  
ROBERT A. BECK )  
B. R. INMAN )  
YOTARO KOBAYASHI )  
RALPH S. LARSEN )  
JOHN D. MACOMBER ) \*  
GEORGE J. MITCHELL )  
N. J. NICHOLAS, JR. )  
JOHN E. PEPPER )  
MARTHA R. SEGER )  
THOMAS C. THEOBALD )

\*By: /s/ MARTIN S. WAGNER  
-----  
Martin S. Wagner  
Attorney-in-Fact



XEROX CORPORATION  
1996 NON-EMPLOYEE DIRECTOR STOCK OPTION PLAN

ARTICLE I - Purpose of the Plan

The purpose of the Xerox Corporation 1996 Non-Employee Director Stock Option Plan ("Plan") is to increase the ownership interest in the Company of non-employee directors whose services are considered essential to the Company's continued progress, to align such interests with those of the shareholders of the Company and to provide a further incentive to serve as a director of the Company.

ARTICLE II - Definitions

Unless the context clearly indicates otherwise, the following terms shall have the following meanings:

- 2.1 "1996 Annual Meeting" means the annual meeting of shareholders of the Company scheduled to be held on May 16, 1996, or any adjournment thereof.
- 2.2 "Award Summary" means the award summary delivered by the Administrator to each Non-Employee Director upon grant of an Option under the Plan.
- 2.3 "Board" means the Board of Directors of Xerox Corporation.
- 2.4 "Change in Control" shall be deemed to have occurred if (A) any "person", as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") other than the Company, any trustee or other fiduciary holding securities under an employee benefit plan of the Company, or any company owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of stock of the Company, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 20 percent or more of the combined voting power of the Company's then outstanding securities; or (B) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board, including for this purpose any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in this Section) whose election or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof.
- 2.5 "Company" means Xerox Corporation.
- 2.6 "Exercise Period" means the date which is ten years after the Option Grant Date of such Option.
- 2.7 "Fair Market Value" means, with respect to any date, the average between the highest and lowest sale prices per Share on the New York Stock Exchange Composite Transactions Tape on such date, provided that if there should be no sale of Shares reported on such date, the Fair Market Value of a Share on such date shall be deemed equal to the average between the highest and lowest sale prices per Share on such Composite Tape for the last preceding date on which sales of Shares were reported.
- 2.8 "Option" means an option to purchase Shares awarded under Article VIII which does not meet the requirements of Section 422 of the Internal Revenue Code of 1986, as amended, or any successor law.
- 2.9 "Option Grant Date" means the date upon which an Option is granted to a Non-Employee Director except that for purposes of the Option granted as of the 1996 Annual Meeting, the Option Grant Date shall be on the effective date of the Stock Split.
- 2.10 "Optionee" means a Non-Employee Director of the Company to whom an Option has been granted.
- 2.11 "Non-Employee Director" means a director of the Company who is neither an employee of the Company nor any subsidiary of the Company.
- 2.12 "Plan" means the Xerox Corporation 1996 Non-Employee Director Stock Option Plan, as amended and restated from time to time.
- 2.13 "Shares" means shares of the Common Stock, par value \$1.00 per share, of the Company after giving effect to the three for one stock split declared by

the Board of Directors on January 23, 1996 subject to shareholder approval of an increase in the number of authorized shares of stock at the 1996 Annual Meeting (the "Stock Split").

#### ARTICLE III - Administration of the Plan

3.1 Administrator of Plan. The Plan shall be administered by the Office of Corporate Secretary ("Administrator").

3.2 Authority of the Administrator. Except as otherwise provided herein, the Administrator shall have full power and authority to (i) interpret and construe the Plan and to adopt such rules and regulations it shall deem necessary and advisable to implement and administer the Plan and (ii) designate persons to carry out his or her responsibilities, subject to such limitations, restrictions and conditions as he or she may prescribe, such determinations to be made in accordance with the Administrator's best business judgment as to the best interests of the Company and its shareholders and in accordance with the purposes of the Plan subject to applicable conditions of Rule 16b-3 under the Securities Exchange Act of 1934, as amended ("Rule 16b-3"). The Administrator may delegate administrative duties under the Plan to one or more agents as he or she shall deem necessary or advisable.

#### ARTICLE IV - Awards under the Plan

Awards in the form of Options shall be granted to Non-Employee Directors in accordance with Article VIII. Each Option granted under the Plan shall be evidenced by a an Award Summary.

#### ARTICLE V - Eligibility

Non-Employee Directors of the Company shall be eligible to participate in the Plan in accordance with Article VIII.

#### ARTICLE VI - Shares Subject to the Plan

Subject to adjustment as provided in Article XI, the aggregate number of Shares which may be issued upon the exercise of Options shall not exceed 1,000,000 Shares. To the extent an outstanding Option expires or terminates unexercised or is canceled or forfeited, the Shares subject to the expired, unexercised, canceled or forfeited portion of such Option shall again be available for grants of Options under the Plan.

#### ARTICLE VII - Non-Transferability of Options

All Options under the Plan will be nontransferable and shall not be assignable, alienable, salable or otherwise transferable by the Optionee other than by will or the laws of descent and distribution except pursuant to a domestic relations order entered by a court of competent jurisdiction or as otherwise determined by the Administrator. During the life of the Optionee, Options under the Plan shall be exercisable only by him or her.

If so permitted by the Administrator, an Optionee may designate a beneficiary or beneficiaries to exercise the rights of the Optionee under this Plan upon the death of the Optionee. However, any contrary requirement of Rule 16b-3 under the 1934 Act or any successor rule shall prevail over the provisions of this section.

#### ARTICLE VIII - Options

Each Non-Employee Director shall be granted Options, subject to the following terms and conditions:

8.1 Time of Grant. On the date of the 1996 Annual Meeting of shareholders of the Company and, thereafter, on the date of each annual meeting of shareholders of the Company, each person who is a Non-Employee Director immediately after such meeting of shareholders shall be granted an Option to purchase 2,500 Shares. Any person elected to the Board subsequent to the 1996 Annual Meeting at a time other than at any other annual meeting of shareholders who becomes a Non-Employee Director, upon the date of such election, shall be granted an Option to purchase a number of Shares determined by multiplying the number set forth in the preceding sentence by a fraction, the numerator of which shall be the number of days between the date of such election and the date which is the first anniversary of the date of the last preceding annual meeting of shareholders and the denominator of which shall be 365.

8.2 Purchase Price. The purchase price per Share under each Option granted pursuant to this Article shall be 100% of the Fair Market Value per Share on the Option Grant Date.

8.3 Option Waiting Period and Exercise Dates. The Shares subject to an Option

may be purchased commencing on the January 1 next following the annual meeting of shareholders (the "Waiting Period") as follows:

33% of such Shares commencing at the end of the Waiting Period;

33% of such Shares commencing on the first day of the second year following the Waiting Period; and

34% of such Shares commencing on the first day of the third year following the Waiting Period.

Subject to Article IX, an Option may be exercised until the end of the Exercise Period. An Option, or portion thereof, may be exercised in whole or in part only with respect to whole Shares.

To the extent that an Option is not exercised when it becomes initially exercisable, it shall not expire but shall be carried forward and shall be exercisable until the expiration of the Exercise Period. Partial exercise will be permitted from time to time within the percentage limitation described above provided that no partial exercise may be for less than twenty Shares.

Upon the occurrence of a Change in Control, the Waiting Period shall terminate and all outstanding Options shall become immediately fully exercisable pursuant to the other terms and conditions of the Option until the expiration of the Exercise Period.

8.4 Method of Exercising Option. The Options may be exercised from time to time by written notice to the Company, which shall state the election to exercise the Options and the number of shares with respect to which the Options are being exercised, and shall be signed by the person exercising the Options. Such notice must be accompanied by a check payable to the Company in payment of the full purchase price. After receipt of such notice, the Company will advise the person exercising the option of the amount of withholding tax which must be paid under U.S. Federal, and where applicable, U.S., state and local law resulting from such exercise. Upon receipt of payment of the purchase price and the withholding tax the Company shall, without transfer or issue tax to the person exercising the Options, issue a certificate or certificates for the number of shares covered by such notice of exercise.

#### ARTICLE IX - Termination of Directorship

9.1 Termination of Service. If an Optionee ceases to be a director of the Company other than by reason of disability, retirement from service on the Board, or death, each Option held by such Optionee may thereafter be exercised by such Optionee (or such Optionee's executor, administrator, guardian, legal representative, beneficiary or similar person) solely to the extent that they were exercisable on the date of such termination and shall expire on the earlier of: (i) three months from the date of such termination or (ii) expiration of the Exercise Period. Options which are not exercisable on the date the Optionee ceases to be a director of the Company shall terminate

9.2 Disability, Retirement or Death. If an Optionee ceases to be a director of the Company by reason of disability or retirement from service on the Board, each Option held by such Optionee may thereafter be exercised by such Optionee in accordance with the provisions of Article VIII. If the Optionee dies following termination of service from the Board by reason of retirement or disability, outstanding Options shall be exercisable to the extent that they were exercisable on the date of death by such Optionee's executor, administrator, guardian, legal representative, beneficiary or similar person and shall expire on the earlier of: one year following the date of death or expiration of the Exercise Period. If the Optionee ceases to be a director as a result of death after the expiration of the Waiting Period for an Option award, such Option shall be immediately vested and exercisable by the Optionee's legal representative at any time within one year of the Optionee's death but in no event after the expiration of the Exercise Period. Options which are not exercisable on the date the Optionee ceases to be a director of the Company in accordance with the foregoing shall terminate.

#### ARTICLE X - Amendment and Termination

The Board may amend the Plan from time to time or terminate the Plan at any time; provided, however, that no action authorized by this Article shall adversely change the terms and conditions of an outstanding Option without the Optionee's consent and, subject to Article XI, the number of Shares subject to an Option granted under Article VIII, the purchase price therefor, the date of grant of any such Option and the termination provisions relating to such Option, shall not be amended more than once every six months, other than to comply with changes in the Internal Revenue Code of 1986, as amended, or any successor law, or the Employee Retirement Income Security Act of 1974, as amended, or any successor law, or the rules and regulations thereunder.

## ARTICLE XI - Adjustment Provisions

11.1 If the Company shall at any time change the number of issued Shares without new consideration to the Company (such as by stock dividend, stock split, recapitalization, reorganization, exchange of shares, liquidation, combination or other change in corporate structure affecting the Shares) or make a distribution of cash or property which has a substantial impact on the value of issued Shares, the total number of Shares reserved for issuance under the Plan shall be appropriately adjusted and the number of Shares covered by each outstanding Option and the purchase price per Share under each outstanding Option shall be adjusted so that the aggregate consideration payable to the Company and the value of each such Option shall not be changed, provided, however, the Stock Split shall be disregarded for this purpose.

11.2 Notwithstanding any other provision of the Plan, and without affecting the number of Shares reserved or available hereunder, the Administrator shall authorize the issuance, continuation or assumption of outstanding Options or provide for other equitable adjustments after changes in the Shares resulting from any merger, consolidation, sale of assets, acquisition of property or stock, recapitalization, reorganization or similar occurrence in which the Company is the continuing or surviving corporation, upon such terms and conditions as it may deem necessary to preserve their rights under the Plan.

11.3 In the case of any sale of assets, merger, consolidation or combination of the Corporation with or into another corporation other than a transaction in which the Company is the continuing or surviving corporation and which does not result in the outstanding Shares being converted into or exchanged for different securities, cash or other property, or any combination thereof (an "Acquisition"), any Non-Employee Director who holds an outstanding Option shall have the right (subject to the provisions of the Plan and any limitation applicable to the Option) thereafter and during the term of the Option, to receive upon exercise thereof the Acquisition Consideration (as defined below) receivable upon the Acquisition by a holder of the number of Shares which would have been obtained upon exercise of the Option or portion thereof, as the case may be, immediately prior to the Acquisition. The term "Acquisition Consideration" shall mean the kind and amount of shares of the surviving or new corporation, cash, securities, evidence of indebtedness, other property or any combination thereof receivable in respect of one Share of the Company upon consummation of an Acquisition.

## ARTICLE XII - Effective Date

The Plan shall be submitted to the shareholders of the Company for adoption in accordance with the provisions of Section 505 of the Business Corporation Law of the State of New York and, if adopted by a majority of all outstanding shares entitled to vote thereon at the 1996 annual meeting of shareholders, shall become effective as of the date of adoption by shareholders.

## ARTICLE XIII- Miscellaneous Provisions

13.1 Governing Law. The validity, construction and effect of the Plan and any actions taken or relating to the Plan shall be determined in accordance with the laws of the State of New York and applicable Federal law.

13.2 Successors and Assigns. The Plan shall be binding on all successors and permitted assigns of a Non-Employee Director, including, without limitation, the estate of such Non-Employee Director and the executor, administrator or trustee of such estate, or any receiver or trustee in bankruptcy or representative of the Non-Employee Director's creditors.

13.3 General Restriction. Each Option shall be subject to the requirement that, if at any time the Administrator shall determine, in its sole discretion, that the listing, registration or qualification of any Option under the Plan upon any securities exchange or under any state or federal law, or the consent or approval of any government regulatory body, is necessary or desirable as a condition of, or in connection with, the granting of such Options or the grant or settlement thereof, such Option may not be exercised or settled in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Administrator.

13.4 Future Rights. No Non-Employee Director shall have any claim or rights to be granted an Option under the Plan, and no Non-Employee Director shall have any rights by reason of the grant of any Options under the Plan to continue as a Director for any period of time, or at any particular rate of compensation.

13.5 Rights as a Shareholder. A Non-Employee Director shall have no rights as a shareholder with respect to shares covered by Options granted hereunder until the date of issuance of a stock certificate therefor, and no adjustment will be made for dividends or other rights for which the record date is prior

to the date such certificate is issued.

13.6 Fractions of Shares. The Company shall not be required to issue fractions of shares. Whenever under the terms of the Plan a fractional share would be required to be issued the Optionee shall be paid in cash for such fractional share based upon Fair Market Value at the time of exercise of the Option.

Xerox Corporation  
P.O. Box 1600  
Stamford, Connecticut 06904  
203-968-3000

Office of General Counsel

Martin S. Wagner  
Associate General Counsel,  
Corporate, Finance and Ventures

Direct Dial (203) 968-3457

August 9, 1996

Gentlemen:

As Associate General Counsel, Corporate, Finance and Ventures of Xerox Corporation, I am familiar with the filing of this Registration Statement on Form S-8 ("Registration Statement") by Xerox Corporation, a New York corporation (the "Company"), relating to the registration under the Securities Act of 1933, as amended (the "Act"), of up to 1,000,000 shares (the "Shares") of Common Stock, par value \$1.00 per share ("Common Stock"), which may be issued pursuant to the Xerox Corporation 1996 Non-Employee Director Stock Option Plan (the "Plan").

In rendering the opinions set forth herein, either I or other lawyers in the Office of General Counsel of the Company who report either directly or indirectly to me have examined (i) the Registration Statement, (ii) the Plan, (iii) the Company's Restated Certificate of Incorporation and By-laws, each as amended to date, (iv) certain minutes of meetings of the Board of Directors and shareholders of the Company and (v) such other documents and matters of law as have been considered necessary or desirable in rendering the opinions set forth herein.

Based upon the foregoing, it is my opinion that:

1. The Company has been duly incorporated and is validly existing in good standing under the laws of the State of New York.
2. The Shares, when issued and paid for in accordance with the terms and conditions of the Plan, will be validly issued, fully paid and nonassessable, with no personal liability attaching to the holders thereof under the laws of the State of New York.

I consent to the reference to my name in, and to the filing of this opinion as an exhibit to, the Registration Statement.

Very truly yours,

/s/ MARTIN S. WAGNER

Martin S. Wagner  
Associate General Counsel,  
Corporate, Finance and Ventures

CONSENT OF INDEPENDENT AUDITORS

The Board of Directors  
Xerox Corporation:

We consent to the use of our reports incorporated herein by reference and to the reference to our firm under the heading "Experts" in the prospectus.

KPMG PEAT MARWICK LLP

Stamford, Connecticut  
August 9, 1996

CERTIFICATE

I, Martin S. Wagner, Assistant Secretary of Xerox Corporation, a New York corporation (the "Company"), DO HEREBY CERTIFY that Exhibit A is a true and correct copy of a resolution adopted at a meeting of the Board of Directors of the Company duly held and convened on February 5, 1996, and that such resolution has not been modified, rescinded or revoked and is at present in full force and effect.

IN WITNESS WHEREOF, the undersigned has executed this Certificate and affixed the corporate seal of the Company hereto this 9th day of August, 1996.

/s/ MARTIN S. WAGNER

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Martin S. Wagner  
Assistant Secretary

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Exhibit A

RESOLVED: that each officer and director of the Company who may be required to execute the Registration Statements or any amendments thereto (whether on behalf of the Company or as an officer or director thereof) be and hereby is authorized to execute a power of attorney appointing E. M. Filter, M. S. Wagner and G. R. Roth, and each of them, as true and lawful attorneys and agents to execute in his or her name, place and stead (in any such capacity) the Registration Statements and any and all amendments thereto, and any and all documents in connection therewith, and to file the same, in electronic or paper form, with the Securities and Exchange Commission, each of said attorneys and agents to have power to act with or without the other and to have the full power and authority to do and perform in the name and on behalf of each of said officers and directors, or both, as the case may be, every act whatsoever necessary or advisable to be done in the premises as fully and to all intents and purposes as any such officer and director might or could do in person.



## POWER OF ATTORNEY

Xerox Corporation (the "Company") and each person whose signature appears below authorize each of Eunice M. Filter, Martin S. Wagner and George R. Roth (each an "appointee") to file, either in paper or electronic form, one or more registration statements and amendments thereto (including post-effective amendments), under the Securities Act of 1933, as amended, for the purpose of registering the offering and sale of shares of Common Stock, par value \$1 per share, of the Company reserved for issuance pursuant to the Company's 1996 Non-Employee Director Stock Option Plan, including any amendments and successor or replacement plans thereto, whether presently in effect or hereafter adopted, which registration statements and amendments shall contain such information and exhibits as any such appointee deems appropriate. Each such person hereby appoints each appointee as attorney-in-fact, with full power to act alone, to execute any such registration statements and any and all amendments thereto and any and all other documents in connection therewith, in the name of and on behalf of the Company and each such person, individually and in each capacity stated below, including the power to enter electronically such company identification numbers, passwords and personal identification numbers as may be required to effect such filing as prescribed under the rules and regulations of the Securities and Exchange Commission (the "SEC"), and to file, either in paper or electronic form, with the SEC a form of this Power of Attorney. Each such person individually and in such capacities stated below hereby grants to said attorneys-in-fact, 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 could do personally or in the capacities as aforesaid.

## XEROX CORPORATION

Dated as of February 1, 1996

By: /s/ Paul A. Allaire

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 Paul A. Allaire  
 Chairman of the Board and  
 Chief Executive Officer

/s/ Paul A. Allaire  
 -----  
 (Paul A. Allaire)

Chairman of the Board, Chief Executive  
 Officer and Director  
 (Principal Executive Officer)

/s/ Barry D. Romeril  
 -----  
 (Barry D. Romeril)

Executive Vice President and  
 Chief Financial Officer  
 (Principal Financial Officer)

/s/ Philip D. Fishbach  
 -----  
 (Philip D. Fishbach)

Vice President and Controller  
 (Principal Accounting Officer)

/s/ Robert A. Beck  
 -----  
 (Robert A. Beck)

Director

/s/ B. R. Inman  
 -----  
 (B. R. Inman)

Director

/s/ Yotaro Kobayashi  
 -----  
 (Yotaro Kobayashi)

Director

/s/ Ralph S. Larsen  
 -----  
 (Ralph S. Larsen)

Director

/s/ John D. Macomber  
 -----  
 (John D. Macomber)

Director

/s/ George J. Mitchell  
 -----  
 (George J. Mitchell)

Director

/s/ N. J. Nicholas, Jr.  
 -----  
 (N. J. Nicholas, Jr.)

Director

/s/ John E. Pepper  
 -----

Director

(John E. Pepper)

/s/ Martha R. Seger Director

-----  
(Martha R. Seger)

/s/ Thomas C. Theobald Director

-----  
(Thomas C. Theobald)