

Exhibit B

**1998 Restatement Retirement Income Guarantee Plan
(with Amendments No. 1 - No. 5)**

**XEROX CORPORATION
RETIREMENT INCOME GUARANTEE PLAN**

1998 Restatement

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1998 Restatement

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XEROX CORPORATION
RETIREMENT INCOME GUARANTEE PLAN

1998 Restatement

ARTICLE 1

Definitions

When used herein, the words and phrases defined hereinafter shall have the following meaning unless a different meaning is clearly required by the context of the Plan. Except when otherwise indicated by the context, any masculine terminology herein shall also include the feminine and neuter, and the definition of any term herein in the singular may also include the plural.

Section 1.1. Accrued Benefit. The normal retirement benefit which a Member has earned up to any date, and which is payable at Normal Retirement Date in an amount computed in accordance with Section 4.2, based, however, only upon Average Monthly Compensation received and Years of Participation rendered by a Member up to the date as of which the Accrued Benefit is computed; provided, however, that for a Member who is a highly compensated employee within the meaning of Section 414(q)(1)(A) or (B) of the Code as of the Plan Year commencing January 1, 1989, such benefit shall be no less than the normal retirement benefit which such Member earned up to December 31, 1988, payable at Normal Retirement Date in an amount computed in accordance with Section 4.2 of the Plan's provisions in effect as of December 31, 1988 and, for a Member who is not a highly compensated employee within the meaning of Section 414(q)(1)(A) or (B) of the Code as of the Plan Year commencing January 1, 1989, such benefit shall be no less than the normal retirement benefit which such Member earned up to December 31, 1989, payable at Normal Retirement Date in an amount computed in accordance with Section 4.2 of the Plan's provisions in effect as of December 31, 1988.

Section 1.2. Active Member. Any Employee who is receiving credit for service for purposes of accrual of benefits under Section 1.43 (Years of Participation) shall be considered an active Member as of the later of (i) January 1 of the year following the Employment Commencement Date or (ii) the Re-employment Commencement Date.

Section 1.3. Actuarial Factors. The actuarial factors from time to time in effect forming a part of the group annuity contract with an insurance company utilized under the Plan, which insurance contract and insurance company shall be selected by the Plan Administrator based upon competitive bids received from among those insurance companies submitting bids for the applicable Plan Year or other applicable period.

Section 1.4. Administrator. The Plan Administrator described in Article 10.

Section 1.5. Average Monthly Compensation. The sum of the Member's five highest calendar years of Compensation (as defined below) paid during periods while he was receiving credit for Years of Participation under Section 1.43 divided by sixty. If the Member has not been receiving such credit for five full calendar years, then the sum of his Compensation in all of the full calendar years in which he was receiving such credit (if the Member has been receiving credit for Years of Participation for less than at least one full calendar year, then partial calendar years shall be adjusted to a full calendar year's pay by assuming that the average pay for the partial year is the average pay for the entire year) divided by twelve times such number of years. For the purpose of this Section, the period for which a Member shall be credited with Years of Participation shall include all periods in which a Member is receiving such credit after December 31, 1974.

For the purpose of this Section, while a Member is on salary continuance (due to a reduction in force or otherwise), he shall be deemed to be receiving credit for Years of Participation. If the Member is on an approved leave of absence that is unpaid leave, until January 1, 1998, he shall be assumed to be earning Compensation during such leave at the same rate in effect prior to commencement of such

leave. After January 1, 1998, no Compensation will be assumed to be earned during the period of any unpaid leave.

"Compensation" of a Member for any calendar year shall mean:

a. with respect to Members paid through the Company's Rochester payroll system, the total of amounts paid during such calendar year and classified under the following payroll earnings codes established by the Company:

AJ	EW	PI	QI	SF
B1	GT	PN	QL	SJ
BN	HD	PR	QM	SR
C1	HL	QA	QQ	TD
CL	MD	QB	QS	TE
CN	NE	QC	QT	TS
CO	OC	QD	QW	VA
CS	OJ	QE	QY	VL
E3	OT	QG	QZ	VR

b. with respect to Members paid other than through the Company's Rochester payroll system, the total of amounts paid during such calendar year and which would be attributable to the payroll earnings codes listed above.

A Member on Disability shall be considered to be receiving Compensation during such Disability at the same rate in effect prior to commencement of such Disability; provided however that no person disabled on or after August 1, 1996 who is classified as an inactive employee without benefits within the meaning of Section 1.14g shall be considered to be receiving Compensation for any purpose under this Plan.

For the purpose of determining Average Monthly Compensation only, Compensation as a part-time employee or received as salary continuance (whether due to a reduction in force or otherwise) at less than full-time pay shall be adjusted to full-time pay; provided that under no circumstances will salary continuance that is paid in the form of a lump sum payment be considered Compensation for any purpose under this Plan.

The Average Monthly Compensation of a Member who was employed by XES, Inc. for periods before January 1, 1993 shall be calculated by treating the "Compensation" taken into account for purposes of calculating the contribution to the XES Plan for the most recent full calendar year of participation in the XES Plan as the Member's compensation for that year and each prior full calendar year of employment with XES, Inc.

In the case of an Employee whose benefit accrual as of December 31, 1996 was determined under the document entitled the "XDS Retirement Income Plan" (hereinafter referred to as the "XDS Plan") Average Monthly Compensation shall be calculated by treating as Compensation for each calendar year ending before January 1, 1997 the amount taken into account for such calendar year in calculating "Average Monthly Compensation" under the XDS Plan.

Effective for Plan Years commencing after December 31, 1993, in addition to any other applicable limitations which may be set forth herein and notwithstanding any other contrary provision hereof, Compensation taken into account hereunder shall not exceed \$150,000, adjusted as provided in the Code, for the purpose of calculating a Member's accrued benefit (including the right to any optional benefit hereunder) for any plan year commencing after December 31, 1988. However, the accrued benefit determined in accordance with this provision shall not be less than the accrued benefit on December 31, 1993, without regard to this provision.

For Plan Years commencing prior to December 31, 1993, in addition to any other applicable limitations which may be set forth herein and notwithstanding any other contrary provision hereof, Compensation taken into account hereunder shall not exceed \$200,000, adjusted for changes in the cost of living as

provided in Section 415(d) of the Code, for the purpose of calculating a Member's accrued benefit (including the right to any optional benefit hereunder) for any plan year commencing after December 31, 1988. However, the accrued benefit determined in accordance with this provision shall not be less than the accrued benefit on May 31, 1989, without regard to this provision. In determining the CBRA balance pursuant to Article 18 of the plan document, the balance as of December 31, 1993 determined without regard to the provision which reduces the compensation limit to \$150,000, will be increased pursuant to Sections 18.2, 18.3 and 18.4 for periods after 1993. The increases under Section 18.2 for these future periods will reflect the limitations in this provision.

Section 1.6. Balanced Fund. Such fund as it is described in the Salaried Plan at the time of the Effective Date and such successor or replacement funds established thereafter under the Salaried Plan.

Section 1.7. Board or Board of Directors. The Board of Directors of Xerox Corporation or any successor thereto.

Section 1.8. Cash Balance Retirement Account. The Account established for a Member pursuant to Article 18. The Member's account balance in his Cash Balance Retirement Account at the time as of which the calculation of an accrued benefit under the Plan is determined ("relevant time") shall be determined subject to the following. Where a qualified domestic relations order has been approved by the Employer with respect to a Member, it shall be assumed that such Member's actual Cash Balance Retirement Account balance at the relevant time includes an amount equal to the sum originally segregated with respect to such qualified domestic relations order as it would have increased (i), if applicable with respect to the Member's Retirement Account under the Profit Sharing Plan, during the period from the time the sum was originally segregated to December 31, 1989 as if such sum had remained invested in the same manner as the Member's Retirement Account under the Profit Sharing Plan, plus (ii) during the period from January 1, 1990 to the relevant time if such sum had been in the Cash Balance Retirement Account and credited with interest in accordance with Section 18.3. Where a Member has received a distribution from his Member's Retirement Account or Cash Balance Retirement Account prior to the relevant time, it shall be assumed that his actual Cash Balance Retirement Account balance at the relevant time includes an amount equal to the sum so distributed as it would have increased during the period from the time of the distribution to the relevant time if such sum had continued to be invested in the Member's Retirement Account prior to December 31, 1989 and thereafter in the Cash Balance Retirement Account. In the event that at the relevant time the Cash Balance Retirement Account of a retiring Member has not been credited with the Employer credit for the retiring Member's final year of employment, it shall be assumed that there is added to the Member's Cash Balance Retirement Account an amount equal to the Employer credit for that year at the rate of five percent of Compensation.

Section 1.9. Code. The Internal Revenue Code of 1986, as amended, or as it may be amended from time to time, or any successor thereto.

Section 1.10. Company. Xerox Corporation or any successor thereto.

Section 1.11. Disability. A Member shall be considered to be on Disability within the meaning of this Plan if

- a. he is receiving short-term disability payments, or
- b. he was disabled prior to August 1, 1996 and is receiving long-term disability benefits under the self-insured Xerox Corporation Long-Term Disability Income Plan or the XES, Inc. long-term disability plan during periods of long-term disability, provided, however, that a Member who elects to terminate his disability status with the Employer shall thereafter cease being on Disability under the Plan, or
- c. he was disabled on or after August 1, 1996 and (i) he is receiving long-term disability benefits under the self-insured Xerox Corporation Long-Term Disability Income Plan or, as to a participant in the XES, Inc. long-term disability plan, he has not been disabled for a period of time in excess of the maximum period provided for participants in the self-insured Xerox Corporation Long-Term Disability Plan and (ii) has not been classified as an inactive employee without benefits within the meaning of Section 1.14g.

Under no circumstances shall a Member who became disabled on or after August 1, 1996 and who is classified as an inactive employee without benefits within the meaning of Section 1.14g be considered to be Disabled as that term is used in this Plan.

Section 1.12. Early Retirement Age. The first day of the month coincident with or following the date on which occurs the later of:

- a. The attainment of ten Years of Service by the Member, or
- b. The earlier of (i) attainment of age fifty-five during active employment with the Employer or (ii) recommencement of active employment with the Employer after the attainment of age fifty-five.

Section 1.13. Effective Dates. The effective date of the original Plan is July 1, 1977. The effective date of the Plan as restated by this instrument is January 1, 1998, unless otherwise indicated herein and except that the effective dates of those sections of the Plan which have been amended by amendments to the Plan since July 1, 1977 shall be as provided in such amendments.

Section 1.14. Employee. Each person (including persons on salary continuance, whether due to a reduction in force or otherwise) employed as an employee by the Employer which shall adopt the Plan with the approval of the Company except the following:

- a. Any person covered by a collective bargaining agreement, the terms of which do not require coverage under this Plan.
- b. A person who is a non-resident alien and who receives no earned income from such companies which constitutes income from sources within the United States.
- c. A person employed pursuant to the Xerox Experiential Learning Program or any similar program conducted by any Employer.
- d. Supplemental contract workers, Leased Employees, leased employees or other third party personnel, independent contractors, agents or consultants, as so classified by the Company on its books and records, regardless of whether such persons may constitute employees under the common law.
- e. Any person classified by the Company on its books and records as a supplemental contract worker, Leased Employee, leased employee or any other third party personnel, independent contractor, agent or consultant.
- f. An employee of a foreign subsidiary of the Employer who is on temporary assignment to the Employer.
- g. Any person classified as an inactive employee without benefits who became disabled on or after August 1, 1996:
 - (i) prior to age sixty-six and continues to be disabled for twenty-four months of long-term disability;
 - (ii) at age sixty-six and continues to be disabled after twenty-one months of long-term disability;
 - (iii) at age sixty-seven and continues to be disabled after eighteen months of long-term disability;
 - (iv) at age sixty-eight and continues to be disabled after fifteen months of long-term disability;
 - (v) at age sixty-nine or older and continues to be disabled for twelve months of long-term disability;

or who otherwise becomes ineligible for continued long-term disability benefits under the self-insured Xerox Corporation Long-Term Disability Income Plan and as a result is classified on the Company's books and records as an inactive employee without benefits; or, as to participants in the XES, Inc. long-term disability plan, those who have been disabled for a period in excess of the maximum period of coverage provided for participants in the self-insured Xerox Corporation Long-Term Disability Plan and as such are considered inactive employees without benefits within the meaning of this Section.

Section 1.15. Employer. The Company, each Subsidiary Company, any company which is a member of a controlled group of corporations (as defined in Code Section 414(b) and the regulations thereunder) which includes the Company, any trade or business under common control (as defined in regulations under Code Section 414(c)) with the Company, any organization which is a member of an affiliated service group (within the meaning of Section 414(m) of the Code) which includes the Company, and any other organization or arrangement to the extent required to be aggregated by regulations pursuant to regulations under Section 414(o) of the Code and, where applicable, Xerox International Partners.

Section 1.16. Employment Commencement Date. The date on which a person first receives credit for an Hour of Service with the Employer.

Section 1.17. ERISA. The Employee Retirement Income Security Act of 1974, as amended, or as it may be amended from time to time, or any successor thereto.

Section 1.18. Hour of Service. Each hour for which an Employee is paid, or entitled to payment, for the performance of duties for the Employer or while on salary continuance (whether due to a reduction in force or otherwise).

Section 1.19. Income Fund. Such fund as it is described in the Salaried Plan at the time of the Effective Date and such successor or replacement funds established thereafter under the Salaried Plan.

Section 1.20. Joint and Survivor Annuity. An annuity payable monthly during the joint lives of the Member and the Member's Spouse in the amount of the Member's monthly retirement benefit as determined under Article 4 and which provides for payment of fifty percent of such amount to the Member's Spouse for the life of such Spouse commencing upon the death of the Member and which is the actuarial equivalent of a Life Annuity.

Section 1.21. Leased Employee. Any individual who

- a. is not an independent contractor with respect to the Employer;
- b. provides services pursuant to an agreement between the Employer and any other person or entity (hereinafter referred to as "the leasing organization");
- c. has performed such services on a substantially full-time basis for a period of at least one year;
- d. performs such services under the primary direction or control of the Employer.

Section 1.22. Life Annuity. An annuity payable monthly during the life of the Member (or the lives of a Member and his Spouse in the case of receipt of a Joint and Survivor Annuity) in the amount of the Member's monthly retirement benefit (or his Spouse's monthly retirement benefit, if applicable in the case of a deceased Member) as determined under Article 4.

Section 1.23. Member. Every Employee who becomes a Member in accordance with Article 2. A Member shall cease being a member as of the date when he and his beneficiary, if any, cease to have any accrued benefit under the Plan.

Section 1.24. Normal Retirement Age. The sixty-fifth birthday of a Member or the sixtieth birthday of a Member who is, on such Member's sixtieth birthday, the pilot of an airplane operated by the Company and, effective January 1, 1994, a nonhighly compensated employee within the meaning of Section 414(q) of the Code.

Section 1.25. Normal Retirement Date. The first day of the month coincident with or next following the date of the sixty-fifth birthday of a Member or the first day of the month coincident with or next following the sixtieth birthday of a Member who is, on such Member's sixtieth birthday, the pilot of an airplane operated by the Company and, effective January 1, 1994, a nonhighly compensated employee within the meaning of Section 414(q) of the Code.

Section 1.26. Period of Service. All periods of employment (including all periods during which an Employee is on salary continuance, whether due to a reduction in force or otherwise) commencing on the Employment Commencement or Reemployment Commencement Date, whichever is applicable, and ending on the applicable Severance From Service Date subject to the following:

- a. Periods of employment which terminated prior to January 1, 1976 shall be ignored.
- b. If a person severs from service by reason of quit, discharge or retirement and within twelve months of the Severance From Service Date performs an Hour of Service, the Period of Severance shall be counted in the period of employment. However, if such severance from service occurs during an absence from service of twelve months or less for any reason other than a quit, discharge, retirement or death, only if the person performs an Hour of Service within twelve months of the date the person was first absent from service must the Period of Severance be counted.
- c. All periods of Disability shall be counted in the period of employment.
- d. The period of a paid leave of absence of any length under the Company's Social Service Leave Program shall be counted as a period of employment.
- e. All periods of Military Service shall be counted as a period of employment to the extent required by federal law, provided that the person returns to the employment of the Employer within such period as may be required by federal law.
- f. Periods during which services were performed for an Employer as a Leased Employee shall be counted including, in the case of an Employee, services performed in a status which would have been that of a Leased Employee but for the requirement set forth in Section 1.21c.
- g. Periods before January 1, 1993 during which a Member was employed by XES, Inc. shall be counted to the extent such periods would have been taken into account as "Years of Service" under the XES Plan as of December 31, 1992.
- h. An Employee whose benefit accrual as of December 31, 1996 was determined under the XDS Plan shall be credited as of January 1, 1997 with Years of Participation equal to his Years of Participation as of December 31, 1996 under the XDS Plan
- i. Periods during which an employee is classified as an inactive employee without benefits within the meaning of Section 1.14g shall be ignored.

Section 1.27. Period of Severance. The period of time commencing on the Severance From Service Date and ending on the date on which the person again performs an Hour of Service for the Employer.

Section 1.28. Plan. The "Xerox Corporation Retirement Income Guarantee Plan", as set forth herein or in any amendment hereto.

Section 1.29. Plan Year. The twelve-month period running from January 1 to December 31.

Section 1.30. Profit Sharing Plan. The Xerox Corporation Profit Sharing and Savings Plan and The Profit Sharing Plan of Xerox Corporation and The Xerographic Division, Union of Needletrades, Industrial and Textile Employees, A.F.L.-C.I.O.-C.L.C. as in effect on the Effective Date and as they shall from time to time be thereafter amended.

Section 1.31. Qualified Pre-Retirement Survivor Annuity. A survivor annuity for the life of the Spouse wherein the payments under this Plan, if any, to such Spouse are not less than the amounts which would have been paid as a survivor annuity under a Joint and Survivor Annuity if:

- a. In the case of a Member who dies on or after Early Retirement Age, such Member retired and had been entitled to receive a Joint and Survivor Annuity on the day preceding his date of death; or
- b. In the case of a Member who dies on or before Early Retirement Age, such Member had
 - (i) separated from the service of the Employer on the date of such Member's death;
 - (ii) survived to the Early Retirement Age;
 - (iii) retired with an immediate Joint and Survivor Annuity on the Early Retirement Age; and
 - (iv) died on the day after the day on which he would have attained the Early Retirement Age.

Notwithstanding the foregoing, in the case of a Member who separates from the service of the Employer prior to such Member's death, the amount of the Qualified Pre-Retirement Survivor Annuity is to be calculated by using the Member's actual date of separation from service rather than the Member's date of death.

Section 1.32. Reemployment Commencement Date. The first date following a Period of Severance from service of the Employer which is not required to be taken into account under Section 1.26b, on which the person performs an Hour of Service.

Section 1.33. Retirement Account. The Member's account balance in his Retirement Account formerly maintained under the Profit Sharing Plan.

Section 1.34. Salaried Plan. The Xerox Corporation Profit Sharing and Savings Plan, as in effect on the effective date and as from time to time amended.

Section 1.35. Severance From Service Date. The earlier of

- a. The date on which a person quits, retires or is discharged from, or dies during, service with the Employer; or
- b. The first anniversary of the first date of a period in which a person remains absent from the service of the Employer, with or without pay, for any reason other than Disability, quit, retirement, discharge or death.

For the purposes of this Section, an Employee on salary continuance (whether due to a reduction in force or otherwise) shall not be deemed to have severed from service while on salary continuance; nor shall an employee classified as an inactive employee without benefits within the meaning of Section 1.14g be deemed to have severed from service while so classified.

Section 1.36. Spouse. In the case of a living Member, one recognized as the legal spouse of the Member by the Internal Revenue Service, and in the case of a deceased Member, the widow or widower of a deceased Member.

Section 1.37. Subsidiary Company. Any company, at least a majority of the voting stock of which is owned, directly or indirectly, by the Company.

Section 1.38. Transitional Retirement Account. The account established for a Member pursuant to Article 17. The Member's account balance in his Transitional Retirement Account at the time as of which the calculation of an accrued benefit under the Plan is determined ("relevant time") shall be determined subject to the following. Where a qualified domestic relations order has been approved by the Employer with respect to a Member with respect to the Member's Retirement Account under the Profit Sharing

Plan, it shall be assumed that such Member's actual Transitional Retirement Account balance at the relevant time includes an amount equal to the sum originally segregated with respect to such qualified domestic relations order as it would have increased during the period from the time the sum was originally segregated to December 31, 1989 and thereafter during the period from January 1, 1990 to the relevant time as if such sum had remained invested in the same manner as the Member's Retirement Account under the Profit Sharing Plan. Where a Member has received a distribution from his Retirement Account or Transitional Retirement Account prior to the relevant time, it shall be assumed that his actual Transitional Retirement Account balance at the relevant time includes an amount equal to the sum so distributed as it would have increased or decreased during the period from the time of the distribution to the relevant time if such sum had been invested in the Separate Fund (as defined under the Profit Sharing Plan), in whichever the Member participated at the time of the distribution.

Section 1.39. Trust or Trust Fund. Any contracts of insurance, other property, and the sum of the contributions made by an Employer which are held by the Trustee in a trust created pursuant hereto increased by any profits or income applicable thereto and decreased by any losses or reasonable expenses incurred in the administration of the Trust and by any payments made therefrom under the Plan.

Section 1.40. Trustee. The one or more individuals, banks, trust companies or other financial institutions who are named in the Agreement of Trust and who hold and manage the Trust Fund.

Section 1.41. UNITE Plan. 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.

Section 1.42. XES Plan. "XES Plan" means the XES, Inc. Employee Retirement Plan" (originally adopted by Versatec, Inc. as of September 19, 1977) as modified by amendments effective on or before December 31, 1992.

Section 1.43. Years of Participation. All periods of employment with the Employer commencing on the Member's Employment Commencement or Reemployment Commencement Date, whichever is applicable, and ending on the applicable Severance From Service Date subject to the following:

a. Periods of employment during which the Member does not qualify as an Employee shall be disregarded.

b. Periods of employment which terminated prior to January 1, 1976 shall be ignored.

c. All periods of Disability during which compensation is paid by the Employer directly to the Member shall be counted in a Member's period of employment provided the Member qualified as an Employee at the commencement of the Disability.

d. The period of a paid leave of absence of any length under the Company's Social Service Leave Program which commences when the Member qualifies as an Employee shall be counted as a period of employment; no period of an unpaid leave of absence shall be counted as a period of employment.

e. Service of part-time Employees, or Employees on salary continuance (whether due to a reduction in force or otherwise) at less than full-time pay shall be adjusted to a proportion of full-time service or full-time pay, as the case may be, under non-discriminatory rules of general applicability adopted by the Administrator.

f. No credit shall be given for any period with respect to which a lump sum payment has been made under Sections 8.2 and 8.5. Credit for Years of Participation preceding a payment under Sections 8.2 and 8.5 will be reinstated if a Member again becomes an Active Member. The benefit payable under this Plan to such Member who has received a prior distribution will be reduced by the previously distributed amount with adjustments to the "relevant time" under Section 1.8 or 1.38, or at the time of the subsequent distribution under Section 4.2.

g. All service credited for the purpose of accrual of benefits under the UNITE Plan shall be considered a period of employment for purposes of this Section.

h. All periods of Military Service shall be counted as a Member's period of employment to the extent required by federal law, provided that the person returns to the employment of the Employer within such period as may be required by federal law.

i. All periods during which a Member is on salary continuance (whether due to a reduction in force or otherwise) shall be considered a period of employment for purposes of this Section.

j. Non-successive periods of employment shall be aggregated and any fractional month at the end of a period of employment shall be counted as a whole month. After such aggregation any period of less than twelve whole months shall be expressed as a fraction of a Year of Participation.

k. No credit shall be given with respect to any period in which a Member is employed by a foreign subsidiary of the Company, if such Member subsequently transfers his employment to the Company.

l. A Member as of January 1, 1993 who was employed by XES, Inc. for periods before that date shall be credited as of that date with Years of Participation equal to his "Years of Service" determined as of December 31, 1992 under the provisions of the XES Plan, calculated in years and completed months.

m. Former XDS employees whose balances in the Profit Sharing Plan, the XDS Retirement Plan or this Plan were transferred to Honeywell pursuant to the agreement providing for the sale of XDS to Honeywell and who return to work with the Employer shall not receive credit for Years of Service or Years of Participation from the time of such transfer to Honeywell until their return to employment with Xerox.

n. An Employee whose benefit accrual as of December 31, 1996 was determined under the XDS Plan shall be credited as of January 1, 1997 with a Period of Service equal to his "Period of Service" as of December 31, 1996 under the XDS Plan.

Section 1.44. Years of Service. A Member shall receive credit for a number of years of service equal to the number of whole years of the Member's Period of Service. Non-successive Periods of Service shall be aggregated and less than whole year Periods of Service (whether or not consecutive) shall be aggregated on the basis that twelve months of service equal a whole year of service. One day shall be deemed to be a month in the case of fractional months. Any fractional year remaining after such aggregation shall be disregarded.

ARTICLE 2

Eligibility - Membership

Section 2.1. Existing Employees.

a. Existing Employees on the Effective Date of the Original Plan. Each such Employee, including Employees on Disability or on leave under the Company's Social Service Leave Program on the Effective Date of the original Plan, shall become a Member of the Plan on the Effective Date of the original Plan provided, however:

(i) A person who on the Effective date of the original Plan is on layoff or approved leave of absence (other than Social Service Leave) shall not be deemed to be an Employee, provided, further, however, that a person on an approved leave of absence who returns to active employment as an Employee following such leave of absence and remains in such employment for one month shall be deemed to have been an Employee as of the Effective Date of the original Plan.

(ii) A person who first commenced employment with the Employer before January 1, 1988 and after having attained the age of sixty years shall not become a Member of the Plan unless such person is an Employee on or after January 1, 1988.

b. Existing Employees on January 1, 1998. Each such Employee shall become a Member of the Plan effective on the later to occur of such person's Employment Commencement Date or the date such person first becomes an Employee.

Section 2.2. New Employees. Each person who becomes an Employee after the Effective Date shall become a Member on the later to occur of the January 1 following such person's Employment Commencement Date or the date such person first becomes an Employee; except that Employees who complete one Hour of Service and have a Severance from Service Date prior to the January 1 following their Employment Commencement Date who are rehired shall become a Member on their Reemployment Commencement Date.

Section 2.3. Leased Employees. Leased Employees shall not be eligible to become Members.

ARTICLE 3

Contributions

Section 3.1. Contributions by the Employer. The contributions required to fund the cost of pension benefits provided by the Plan shall be made solely by the Employer with respect to its own Employees. It is intended that the Employer will make such contributions as are necessary to fund the Plan in accordance with the Code and ERISA. For this purpose, benefit accruals attributable to increases in Average Monthly Compensation of an Employee are deemed to be entirely the responsibility of his Employer even though such benefit accrual is calculated in part by taking into account Years of Participation during which the Employee was employed by a different Employer.

All contributions to the Plan are conditioned on their deductibility under Section 404 of the Code.

Section 3.2. Contributions by the Members. Contributions by the Members are neither required nor permitted.

Section 3.3. Transfer of Funds From Other Plans. In addition to the Employer contributions to the Plan provided for in this Article and the transfers from other plans to the Transitional Retirement Account established pursuant to Article 17, there may also be paid over to the Plan other amounts which have been held under plans which are qualified under Section 401 of the Code maintained by the Employer or by any company, substantially all of whose capital stock or some or all of the assets of which have been acquired by the Employer, which plans have been discontinued or terminated with respect to a group of employees whose participation in such other plan has been terminated, in accordance with the instrument providing for and governing such transfer, as well as any payments required by such instrument to be made to the Plan by any such company.

ARTICLE 4

Normal Retirement Benefits

Section 4.1. Eligibility. A Member shall be eligible to receive a nonforfeitable, fully vested, normal retirement benefit under the Plan upon termination of his employment with the Employer, for any reason other than death, on or after his Normal Retirement Age.

Section 4.2. Retirement Benefits for Members Who Terminate Employment or Retire on or After January 1, 1990. Subject to Section 4.1, Article 6 and Article 16, an eligible Member who terminates employment or retires on or after January 1, 1990 shall be entitled to a monthly normal retirement benefit of the largest of a or b or c or e or f below, in each case plus d below.

a. One and four-tenths percent of Average Monthly Compensation of the Member multiplied by the number of full and fractional Years of Participation up to thirty less

(i) the vested accrued monthly benefit which would be payable as a Life Annuity from Company contributions under Equitable Group Annuity Contract No. AC-158 assuming commencement of such benefit at the same time as the commencement of benefits under the Plan.

(ii) the vested accrued monthly benefit which would be payable as a Life Annuity under any TIAA-CREF Policy to which the Company or any of its predecessors made contributions assuming commencement of such benefit at the same time as the commencement of benefits under the Plan.

(iii) the vested accrued monthly benefit which would be payable as a Life Annuity under the UNITE Plan assuming commencement of such benefit at the same time as the commencement of benefits under the Plan to the extent that assets have not been transferred from the UNITE Plan to the Plan.

(iv) the vested accrued monthly benefit which would be payable as a Life Annuity from the respective central pension funds maintained by the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America, the International Printing and Graphics Communications Union, the Columbus Typographical Union and the Graphic Arts International Union and fifty percent of the vested accrued monthly benefit which would be payable as a Life Annuity from the central pension funds maintained by the International Union of Operating Engineers.

b. One percent of Average Monthly Compensation of the Member multiplied by the Member's full and fractional Years of Participation less the amounts specified in subsections a(i), a(ii), a(iii) and a(iv) of this Section 4.2.

c. The benefit which would have been payable at Normal Retirement Date under the formula benefit of Section 4.2(a) accrued at the time of an earlier termination of employment of the Member, if any.

d. With respect to individuals who were both Employees and Members at any time between January 1, 1982 and November 17, 1982 (other than any such individual who on or before May 29, 1986 terminated employment with the Employer before completing ten Years of Service) and who, upon retirement, meet the criteria for a normal retirement benefit under the Plan, an amount equal to ninety-six one hundredths of one percent times the Member's monthly normal retirement benefit under Section 4.2 of the Plan as in effect immediately prior to the 1989 Restatement of the Plan (computed without regard to this paragraph d) accrued as of November 17, 1982, commencing on the first anniversary of each such Member's actual retirement date after age sixty-five, with such amount increasing non-cumulatively each year thereafter by an amount equal to an additional ninety-six one hundredths of one percent of the monthly benefit accrued as of November 17, 1982, provided, however, that any such Member shall not be entitled to a benefit under this subsection d if the proposed settlement as set forth in a settlement agreement pertaining to Anglim, et al v. Xerox Corporation, Civil Action No. B-83-251 (EBB) (the "Anglim action") is not consummated pursuant to such settlement agreement for any reason; provided, however, that the Plan Administrator may, in his discretion, elect to make one annual payment hereunder equal to the amount to be paid for the succeeding twelve months. Any amount payable under this subsection may be paid in the form of a lump sum distribution even if other benefits payable under this Article are payable as an annuity.

e. The monthly benefit which could be purchased with a Member's Transitional Retirement Account using factors determined annually by the Company's independent actuaries, based on interest rates in effect on January 1 of the year in which a distribution to the Member takes place as published by the Pension Benefit Guaranty Corporation.

f. The monthly benefit which could be purchased with a Member's Cash Balance Retirement Account using factors determined annually by the Company's independent actuaries, based on interest rates in effect on January 1 of the year in which a distribution to the Member takes place as published by the Pension Benefit Guaranty Corporation.

Section 4.3. Payment of Normal Retirement Benefit. Subject to Article 8 and Article 9, monthly normal retirement benefit payments determined under Section 4.2, shall be paid in the form of a single Life Annuity and shall commence as of the later of (i) the first day of the month following the month in which occurs the Normal Retirement Date of the Member, (ii) the first day of the month next following the month in which the Member actually terminates employment, or (iii) the date selected by the Member to commence such payment and shall end with the last monthly payment due prior to the date of the Member's death. Unless a Member makes an election under Section 8.3 and the Member's Spouse consents to such election in accordance with Section 8.4, if the Member is married on the date retirement benefits commence, the retirement benefit to which a Member is entitled under Section 4.2 (or Sections 5.2 or 6.2, as the case may be) shall be paid in the form of a Joint and Survivor Annuity without regard to the actuarial equivalent reduction referenced in Section 1.20.

ARTICLE 5

Early Retirement Benefits

Section 5.1. Eligibility. A Member shall be eligible to receive an early retirement benefit under the Plan upon termination of his employment with the Employer on or after attaining his Early Retirement Age but before his Normal Retirement Date for any reason other than death.

Section 5.2. Amount. Such an eligible Member shall be entitled to receive a monthly early retirement benefit of an amount computed in the same manner as a normal retirement benefit under Section 4.2, but based upon his Years of Participation and his Average Monthly Compensation as of the date of his termination of employment with the Employer, provided, however, the amount determined under subsection 4.2a (prior to the reductions described in subsections (i) through (iv) thereof), 4.2b or 4.2c, whichever is applicable, shall be reduced by 1/240th for each full month by which the commencement of the benefit precedes the last day of the month in which will occur (a) the Member's sixty-second birthday, if the Member retires when he has been credited with at least thirty Years of Service or the Member's sixtieth birthday if, at the date of the Member's retirement, he is a pilot of an airplane operated by the Company and, effective January 1, 1994, is a nonhighly compensated employee within the meaning of Section 414(q) of the Code, or (b) the Member's Normal Retirement Date, if the Member retires when he has been credited with fewer than thirty Years of Service.

ARTICLE 6

Deferred Vested Retirement Benefits

Section 6.1. Eligibility. Subject to Section 17.5, a Member shall be eligible to receive a deferred vested retirement benefit under Section 4.2 at his Normal Retirement Date under the Plan if his employment with the Employer terminates for any reason other than by death or retirement in accordance with the following schedules:

- a. Employees hired prior to January 1, 1981:

<u>Number of Years of Service with the Employer</u>	<u>Nonforfeitable Percentage</u>
Less than 3	0%
3 but less than 4	25%
4 or more	100%

- b. Employees hired on or after January 1, 1981 but prior to January 1, 1989:

<u>Number of Years of Service with the Employer</u>	<u>Nonforfeitable Percentage</u>
Less than 5	0%
5 but less than 6	50%
6 but less than 7	60%
7 but less than 8	70%
8 but less than 9	80%
9 but less than 10	90%
10 or more	100%

c. Employees who are employed on or after January 1, 1989 are entitled to a one hundred percent nonforfeitable percentage after completion of five Years of Service.

d. Unless a Member makes an election under Section 8.3, if the Member is married on the date retirement benefits commence, the retirement benefit to which a Member is entitled under this Section 6.1 shall be paid in the form of a Joint and Survivor Annuity. Subject to Article 8, the amount and payment of such retirement benefit shall be as set forth in Article 4, based upon the Member's Years of Participation and Average Monthly Compensation as of such termination of employment.

e. A Member with less than a one hundred percent (100%) nonforfeitable interest in his Transitional Retirement Account or Cash Balance Retirement Account, who terminates his employment with the Employer, and resumes service with the Employer without incurring five consecutive one-year breaks in service, shall have any amount forfeited under this Section 6.1 returned to his Transitional Retirement Account or Cash Balance Retirement Account. Upon such Member's resumption of employment, (i) a number of units (valued as of the valuation date immediately preceding or coincident with his resumption of employment) equal to the dollar amount forfeited shall be credited to his Transitional Retirement Account, and (ii) any Employer credit to his Cash Balance Retirement Account to which a Member is entitled pursuant to this subsection shall be credited to a Cash Balance Retirement Account maintained for such Member after he resumes participation following his termination and such amount shall include interest credited at the rate provided for in Section 18.3. During any period before the Member has a one hundred percent nonforfeitable interest in his Transitional Retirement Account, the amount of his nonforfeitable interest in his pretermination Transitional Retirement Account (X) shall be determined according to the following formula:

$$X = P[AB + (R \times D)] - (R \times D).$$

P is the nonforfeitable percentage at the time of the termination; AB is the account balance in the pre-termination Transitional Retirement Account at such time; D is the amount of the distribution made to the Member on his termination; and R is the ratio of AB to the account balance immediately after the termination distribution.

f. For the purposes of this Section 6.1, "one-year break in service" shall mean any computation period during which an employee does not complete an hour of service. In the case of a Member who is absent from work for maternity or paternity reasons, the twelve consecutive month period beginning on the first anniversary of the first date of such absence shall not constitute a one-year break in service. For purposes of this paragraph, an absence from work for maternity or paternity reasons means an absence (i) by reason of the pregnancy of the Member, (ii) by reason of the birth of a child of the Member, (iii) by reason of the placement of a child with the Member in connection with the adoption of such child by such Member, or (iv) for purposes of caring for such child for a period beginning immediately following such birth or placement. The Plan Administrator may require certification from a Member, as a condition of granting service for maternity or paternity leave, that the leave was taken for one of the reasons enumerated in the preceding sentence. A Member who terminated employment before January 1, 1990, and is reemployed on or after January 1, 1990, and has one or more one-year breaks in service shall be credited with service during such break or breaks in service for purposes of determining the nonforfeitable percentage of his Transitional Retirement Account, only if such Member returns to the service of the Employer after such break before missing two consecutive anniversaries of his Employment Commencement Date.

g. If a Participant dies or becomes permanently disabled while on nonmilitary or military leave of absence, he shall be fully vested in the value of his formula benefit under Section 4.2a, b, or c, Transitional Retirement Account and Cash Balance Retirement Account, and benefits shall become payable as if he had not been on such leave of absence.

h. Members who as of December 31, 1992 had met the eligibility requirements for participation in the XES Plan are entitled to a one hundred percent nonforfeitable percentage regardless of their Years of Service.

i. Participants who become classified as inactive employees without benefits within the meaning of Section 1.14g shall be fully vested in the value of their formula benefit under Section 4.2a, b, or c, Transitional Retirement Account and Cash Balance Retirement Account upon being so classified.

Section 6.2. Early Commencement Option. A Member described in Section 6.1 may elect in writing in a manner prescribed by the Administrator to have his deferred vested retirement benefit under Section 4.2a, b, or c commence at any time prior to Normal Retirement Date on an actuarially reduced basis using PBGC rates or his deferred vested retirement benefit under Section 4.2e or f commence at any time prior to Normal Retirement Date, as appropriate.

Section 6.3. Other Rules Concerning Termination of Employment. For purposes of this Plan only, termination of a Member's employment with an Employer shall be deemed to have occurred even if the Member continues thereafter to perform substantially the same services for another organization, provided such other organization does not become a sponsor or participating Employer with respect to the portion of the Plan covering the Member and there is no transfer (other than an optional direct transfer of an eligible rollover distribution pursuant to Code Section 401(a)(31)) to a plan maintained by such organization or its affiliate of assets and liabilities with respect to the portion of the Plan covering the Member. Notwithstanding the preceding sentence, termination of a Member's employment with an Employer shall not be deemed to occur if the Member continues employment with a domestic organization with respect to which the Company has the control specified in Code Section 414(b) or (c) (as modified by substituting the phrase "50 percent" for the phrase "80 percent" each time it appears in Code Section 1563(a)(1)).

ARTICLE 7

Survivor Benefits and Death Benefits

Section 7.1. Automatic Pre-Retirement Spouse's Benefit. Subject to Section 7.5, the Spouse of a Member who dies after December 31, 1989, but before attaining Early Retirement Age, shall be entitled to (a) one hundred percent of the higher of such Member's Transitional Retirement Account or Cash Balance Retirement Account, plus (b) a Qualified Pre-Retirement Survivor Annuity, commencing on the death of such Member, in an amount equal to one-half of the excess of the retirement benefit to which such Member would be entitled under Section 4.2 of this Plan over the retirement benefit provided by (a) above, plus (c) a Qualified Pre-Retirement Survivor Annuity, in an amount equal to one-half of the value of the benefit payable under Section 4.2d, if any, as if he were retired and his retirement benefit had commenced on the first day of the month following the calendar month of such Member's death. If, before his death, such Member had elected to receive, within the ninety-day election period, a Contingent Annuitant Option with his Spouse as beneficiary and the fifty percent or one hundred percent survivor benefit, then the Spouse's death benefit under this Section 7.1 will be calculated as if that option had commenced immediately prior to the Member's death

Section 7.2. Automatic Post-Retirement Spouse's Benefit. Subject to Section 7.5, the Spouse of a Member who dies after retirement after attaining Early Retirement Age, but before commencing to receive a benefit from this Plan, shall be entitled to a survivor benefit commencing upon the death of the Member. Subject to Section 7.3, the monthly benefit shall be equal to, with respect to the Spouse of a Member who dies after December 31, 1989, the sum of (x) the larger of the benefit determined under Section 4.2e or f, plus (y) one-half of the excess of the amount determined under the largest of a, b or c of Section 4.2, over the larger of Section 4.2e or f plus (z) an amount equal to one-half of the value of the benefit payable under Section 4.2d, if any. Such survivor benefit shall commence on the first day of

the month following the calendar month of the Member's death and end on the last day of the month in which such Spouse dies. This Section 7.2 shall not apply with respect to a Member if the Member is entitled to a benefit under Section 8.1.

Section 7.3. Adjustments of Benefit.

a. For the purposes of Section 7.2, when the Member's retirement precedes the Member's Normal Retirement Date, the amount determined under Section 4.2a (prior to the reductions described in subsections a(i) through a(v) thereof), 4.2b or 4.2c, whichever is applicable, shall be reduced (other than with respect to those Members who retire on or after age sixty-two with at least thirty Years of Service) by 1/240th for each full month by which the Member's retirement precedes the last day of the month in which the Member's Normal Retirement Date would occur.

Section 7.4. Designation of Beneficiary by Unmarried Members. Each unmarried Member, except to the extent otherwise provided by a qualified domestic relations order, shall designate the beneficiaries entitled to receive the value of the greater of his Transitional Retirement Account or Cash Balance Retirement Account on his death and, in the absence of an otherwise effective designation, such Transitional Retirement Account or Cash Balance Retirement Account shall be paid to a Member's estate. No other death benefit shall be payable to the beneficiary or estate of such an unmarried Member.

An unmarried Member, except to the extent provided in a qualified domestic relations order, may change his designation of beneficiary from time to time.

Section 7.5. Designation of Non-Spousal Beneficiary by Married Members. Each married Member may, with the requisite spousal consent complying in every respect with regulations promulgated by the Secretary of the Treasury, designate one other than his Spouse as a beneficiary entitled to receive benefits under the Plan. Such non-spouse beneficiary shall be entitled to receive the value of the greater of his Transitional Retirement Account or Cash Balance Retirement Account on his death. No other death benefit shall be payable to the beneficiary or estate of such a married Member.

ARTICLE 8

Optional Forms of Benefit Payment

Section 8.1. Form of Benefit-Certain Married Members. Unless he elects in the manner prescribed in Section 8.3 not to take the Joint and Survivor Annuity as provided in this Section 8.1, the retirement benefit of a Member who terminates employment prior to attaining Early Retirement Age and who is married on the date his retirement benefit is scheduled to commence shall be paid in the form of a Joint and Survivor Annuity converted from the Life Annuity retirement benefit payable for the life of the Member based upon the Actuarial Factors. In addition, if such a non-electing Member dies on or after attaining Early Retirement Age, but prior to attaining Normal Retirement Age, while in the active employ of the Employer or separates from service of the Employer on or after attaining Early Retirement Age, but prior to attaining Normal Retirement Age, and thereafter dies before beginning to receive his retirement benefit, his Spouse will be entitled to a survivor annuity, commencing on the death of the Member, equal to the retirement benefit calculated under the larger of Section 4.2e or 4.2f, plus one-half of the excess of the retirement benefit under Section 4.2a, 4.2b or 4.2c over the retirement benefit to which such Member would have been entitled on the day preceding his death provided by the greater of Section 4.2e or 4.2f plus (c) an amount equal to one-half of the value of the benefit payable under Section 4.2d, if any.

Section 8.2. Optional Forms of Benefit Payment.

a. A Member who is eligible for a retirement benefit under the Plan may elect, in accordance with Section 8.3, to receive his retirement benefit in any other method of payment using the Actuarial Factors based upon a Life Annuity which is selected by the Member from among the following alternatives:

(i) Contingent Annuitant Option. The Member is paid a reduced monthly benefit for life and then, if the Member's Spouse is still alive, a monthly benefit is paid to the beneficiary for the re-

remainder of his life which is equal to fifty percent or one hundred percent of the monthly benefit paid to the Member.

(ii) Last Survivor Option. The Member is paid a reduced monthly benefit while he and his beneficiary both live. If the Member's Spouse dies during the Member's lifetime, an amount which is equal to fifty percent or one hundred percent of the monthly benefit paid before the beneficiary's death is paid to the Member for the remainder of his life. If the Member dies during his beneficiary's lifetime, an amount which is equal to fifty percent or one hundred percent of the monthly benefit paid before the Member's death is paid to the beneficiary for the remainder of his life.

(iii) Period Certain and Life Option. The Member is paid a reduced monthly benefit for life with the provision that should the Member die within five, ten, fifteen or twenty years of the date his benefits commence, the Member's beneficiary will receive the same monthly payment which the Member was receiving for the balance of the five, ten, fifteen or twenty-year period.

(iv) Cash Refund (Unpaid Balance). The Member's beneficiary is paid the original amount transferred to the insurance company minus the amount of retirement benefits paid. This option can be combined with any of the options described above.

(v) Lump Sum. Any Member, regardless of age, who has not otherwise received retirement benefits under the Plan may elect a lump sum payment option.

(1) For the purposes of determining the lump sum actuarial equivalent of the excess of the benefit under 4d plus the excess of 4a, 4b or 4c over 4e or 4f, the 1971 Group Annuity Table weighted 75% male/25% female shall be used and the following interest rates shall be used:

(A) For purposes of determining whether the amount of a lump sum cash payment will be less than \$25,000, and for purposes of calculating the amount of any payment which is less than \$25,000, the interest rate shall be the rate or rates used by the Pension Benefit Guaranty Corporation to determine the present value of a lump sum distribution for single employer plan terminations, as in effect on January 1 of the Plan Year in which distribution is made;

(B) In all other cases, an interest rate which is one hundred twenty percent of the rate specified in (A) above, or such lesser rate which produces a lump sum cash payment of not less than \$25,000.

(2) For the purposes of determining the lump sum actuarial equivalent of the benefit under 4e or 4f, the 1971 Group Annuity Table weighted 75% male/25% female shall be used and the same interest rate used under such Section 4e or 4f shall be used.

(3) For Members retiring on or after January 1, 1989 (or for any Member whose benefit accrual as of December 31, 1996 was determined under the XDS Plan, with respect to the portion of his benefits equal to his accrued benefit under the XDS Plan as of December 31, 1996), the lump sum payment options may be, at the election of the Member, payable over such period of time and in such amounts as may be selected by the Member (subject to the provisions of Section 9.8 hereof); provided however that effective January 1, 1998, such election shall be implemented as a direct rollover to the Profit Sharing Plan pursuant to Section 8.2a(v)(4) below and 8.10.

(4) Effective January 1, 1998, in the event that a Member elects to receive such payment in the form of a lump sum which is not immediately payable in full, the lump sum actuarial equivalent of the retirement benefit payable under Section 4.2, if any, to such Member shall, at the election of the Member, be transferred to any of the "Separate Funds" under the Profit Sharing Plan as that term is defined in such Plan. No transfer to the Income Fund is available under this Plan for Members who terminate employment on or after January 1, 1998.

b. Any such Member who is entitled to a monthly retirement benefit under Section 4.2e or 4.2f may elect one such method of payment for the benefit which would have been payable under the larger of Section 4.2e or 4.2f without regard to the provisions of Section 11.8c, whichever is applicable, and another such method of payment for the amount by which any benefit payable under Section 4.2 exceeds the amount payable under the larger of Section 4.2e or 4.2f without regard to the provisions of Section 11.8c. In order to comply with the incidental benefit requirements of Section 401(a)(9)(G) of the Code and Treasury regulation 1.401(a)(9)-2 any such optional form of benefit payment which is made available must meet the following applicable conditions unless otherwise in compliance with such regulations:

(i) If a period certain annuity option for the Member, in no event can the guaranteed period exceed the life expectancy of the Member and his Spouse, provided that if the joint annuitant is someone other than the Member's Spouse, the arrangement must be such that it is contemplated that more than one half of the value of the benefit would be paid to the Member during his lifetime; and in no event shall there be an interest only option made available.

(ii) If a Joint and Survivor Annuity:

(1) If the survivor is the Spouse, the annual benefit payable to the survivor may not exceed one hundred percent of the annual benefit payable to the Member.

(2) If the survivor is other than the Spouse, the present value of the payments to be made to the Member at the date his benefits commence must be more than fifty percent of the present value of the total payments to be made to the Member and his beneficiary.

c. Payment of benefits under this Plan, regardless of the form of benefit payment method chosen, may not be made until administratively feasible following the later to occur of: (i) the date on which completed distribution election forms and all accompanying documentation, as required by the Plan Administrator (for purposes of this Section hereinafter referred to as "Completed Forms"), are received by the agent of the Plan Administrator responsible for processing benefit payments under the Plan (for purposes of this Section hereinafter referred to as the "Agent"); (ii) the last day of the month in which the Member terminates employment; (iii) thirty days (or as early as eight days if the Member waives the 30-day election period) from the date that the required joint and survivor notice is provided to the Member by the Agent as provided in Section 8.9; (iv) the date that the termination of employment status is reported to the Agent; or (v) the payment date requested by the Member in the Completed Forms.

Section 8.3. Manner and Time of Elections. A Member may elect at any time during the ninety-day period prior to distribution of benefits to waive payment of the Joint and Survivor Annuity and elect instead one of the optional forms of benefit described in Section 8.2. Such waiver may also be revoked by the Member at any time during such ninety-day period. In connection with such election, the Administrator shall provide to each eligible Member within a reasonable period of time before the annuity starting date (pursuant to such regulations as may be prescribed by the Secretary of the Treasury) a written explanation of:

- a. The terms and conditions of the Joint and Survivor Annuity and its relative financial effect;
- b. A general description of the optional forms of benefit payment and the relative values of those forms;
- c. The Member's right to make, and the effect of, an election to waive the Joint and Survivor Annuity;
- d. The rights of the Member's Spouse under Section 8.4; and
- e. The right to make, and the effect of, a revocation of an election under this Section 8.3.

Section 8.4. Spousal Consent. No waiver elected under Section 8.3 shall be effective unless the Member's Spouse consents in writing to such waiver, the terms of such consent acknowledge the effect

of the waiver, the waiver names a designated beneficiary who will receive survivor's benefits under the Plan and acknowledges that the Spouse is relinquishing all rights to name a designated beneficiary, and the waiver is witnessed by a representative of the Administrator or a notary public. Such waiver shall be irrevocable, and shall apply only to the beneficiary or beneficiaries with respect to whom the waiver was given. The provisions of the preceding sentence shall not be applicable if the Administrator is satisfied that the required consent cannot be obtained because the Member does not have a Spouse, because the Spouse cannot be located, or because of such other circumstances as the Secretary of the Treasury may prescribe by regulations. Any consent by a Spouse or the establishment that the consent of the Spouse cannot be obtained shall only be effective with respect to such Spouse. No waiver by a Member's Spouse under this subsection shall be effective if the waiver is executed prior to the first day of the Plan Year in which the Member attains thirty-five years of age.

Section 8.5. Lump Sum Distribution. The lump sum actuarial equivalent of a Member's vested benefit shall be immediately distributed (or, if no part of the Member's benefit is vested, deemed distributed) without consent if such amount does not exceed \$5,000. The interest rate used in computing the lump sum actuarial equivalent amount shall be the interest rate described in Section 8.2a(v)(1). No such distribution shall be made after the annuity starting date unless the Member and his Spouse, or the Spouse if the Member has died, consent in writing to such distribution. Such consent shall not be valid unless within a reasonable period of time prior to the distribution date, the Member and his Spouse, or the Spouse if the Member has died, has been provided with a general description of the material features, along with an explanation of the relative values of the available optional forms of distribution and the right to defer receipt of the distribution.

Section 8.6. Effect of Domestic Relations Order. If the Administrator receives a qualified domestic relations order (as defined in Section 9.2 of the Plan) with respect to a Member, the provisions of such order shall not be applicable unless they are consistent with the terms of this Article 8. In no event shall a survivor annuity under this Article 8 be payable to the Spouse of a Participant's former Spouse.

Section 8.7. Transitional Rules.

a. Separation Prior to August 23, 1984. If a deceased Member completed at least one Hour of Service on or after January 1, 1976, and subsequently separated from the service of the Employer prior to August 23, 1984, the Spouse of such deceased Member shall receive a Qualified Pre-Retirement Survivor Annuity provided that (i) such Member had completed at least ten Years of Service and (ii) as of August 23, 1984, such Member's annuity starting date had not occurred and such Participant is alive.

b. Death On or After August 23, 1984. If a Member completed at least one Hour of Service on or after August 23, 1984 or had been credited with at least one Hour of Service on or after August 23, 1984 because of a paid Leave of Absence, and dies on or after August 23, 1984 before the annuity starting date and prior to January 1, 1985, Sections 7.1, 8.5 and 8.6 shall be considered to be in effect as of the date of such Member's death.

Section 8.8. Incompetency. Every person receiving or claiming benefits under the Plan shall be conclusively presumed to be mentally competent and of age until the date on which the Administrator receives a written notice, in a form and manner acceptable to the Administrator, that such person is incompetent or a minor, for whom a guardian or other person legally vested with the care of his person or estate has been appointed; provided, however, that if the Administrator shall find that any person to whom a benefit is payable under the Plan is unable to care for his affairs because of incompetency, or is a minor, any payment due (unless a prior claim therefor shall have been made by a duly appointed legal representative) may be paid to the Spouse, a child, a parent, or a brother or sister, or to any person or institution deemed by the Administrator to have incurred expense for such person otherwise entitled to payment. In the event a guardian of the estate of any person receiving or claiming benefits under the Plan shall be appointed by a court of competent jurisdiction, payments may be made to such guardian provided that proper proof of appointment and continuing qualification is furnished in a form and manner acceptable to the Administrator. Any payment made in accordance with this Section 8.8 shall be a complete discharge of any liability therefor under the Plan.

Section 8.9. Election To Defer Receipt of Benefits. Anything to the contrary notwithstanding, with respect to any Member who elects to commence receiving his benefits from the Plan at a time later than the time he would otherwise have begun to receive his benefits hereunder, the benefits payable to such a Member shall be payable in the forms permitted by Section 8.2 hereof. Except as otherwise provided in Section 9.8, in the event that a Member fails to make an election to commence receiving benefits, the Member's account balances shall remain in the Cash Balance Retirement Account and the Transitional Retirement Account established for him until such time as the Member shall make such an election and his benefits can be determined.

An election to commence benefits or an election and consent under Section 8.3 may be made or revoked not more than ninety days and not less than thirty days before the annuity starting date. The thirty-day requirement in the preceding sentence may be reduced in the case of a Member who waives such requirement after having received a written explanation of the right to defer commencement of benefits (along with any other applicable written explanations required by Sections 8.3 and 8.10) and the right to utilize at least thirty days to consider the timing and form of benefits, but in no event shall the annuity starting date be sooner than eight days after receipt of such explanations.

Section 8.10. Direct Transfers. At the election of a Member or former Spouse who is an Alternate Payee pursuant to a qualified domestic relations order within the meaning of ERISA ("former Spouse") who is entitled to an eligible rollover distribution, payment of all (or a specified part thereof not less than \$500) shall be made by direct transfer to the Profit Sharing Plan or at the election of a Member or Spouse or former Spouse who is entitled to an eligible rollover distribution payment of all (or a specified part thereof not less than \$500) shall be made by direct transfer to the trustee or other custodian of an eligible retirement plan, subject to the following rules:

(1) This Section 8.10 shall not apply to an eligible rollover distribution which the Plan Administrator determines to come within any de minimus exception for direct transfers allowed under Code Section 401(a)(31).

(2) To invoke the direct transfer option:

(A) In the case of a direct transfer to the Profit Sharing Plan, the Member or former Spouse must specify, in such form and at such time as the Plan Administrator may prescribe, the investment options thereunder to which the distribution is to be paid;

(B) In the case of a direct transfer to the trustee or other custodian of an eligible retirement plan, the Member, Spouse, or former Spouse must specify, in such form and at such time as the Plan Administrator may prescribe, the eligible retirement plan to which the distribution is to be paid and must provide to the Plan Administrator in a timely manner adequate information regarding the designated eligible retirement plan.

The Plan Administrator may place reasonable reliance on such information concerning a designated eligible retirement plan as is provided by the Member or Spouse or former Spouse and is not required to verify such information. Notwithstanding the foregoing, an alternate payee under a qualified domestic relations order who is not the Spouse or former Spouse may not elect a direct transfer and a Spouse or former Spouse who is not an alternate payee under a qualified domestic relations order may elect a direct transfer only to an eligible retirement plan which is an individual retirement account.

(3) The Plan Administrator shall, within a reasonable time before a distribution or withdrawal from the Plan, provide to the recipient a written explanation of:

(A) The provisions under which the recipient may have the distribution transferred directly to another eligible retirement plan;

(B) The provision which requires the withholding of tax on eligible rollover distributions which are not transferred directly to another eligible retirement plan;

(C) The provisions under which an eligible rollover distribution will not be subject to tax if transferred to an eligible retirement plan within sixty days after receipt;

(D) The provisions concerning taxation of lump sum distribution.

(4) For purposes of this Section 8.10, the following terms shall have the meanings specified below:

(A) "eligible retirement plan" means a plan or arrangement described in Code Section 401(a)(31)(D); and

(B) "eligible rollover distribution" means a distribution that meets the requirements of Code Section 401(a)(31)(C).

ARTICLE 9

Other Provisions Affecting Benefits

Section 9.1. Payment of Benefits. The Administrator may instruct the Trustee either to pay the retirement benefit to which a Member of the Plan is entitled directly from the funds of the Trust or to purchase from an insurance company selected by the Administrator a nontransferable annuity contract which will provide retirement and other benefits in an amount and in a manner identical to that to which the Member is entitled under the Plan. In the event that an annuity contract is purchased for the benefit of a Member from an insurance company, the contract may either be assigned to the Member or held by the Trustee for the benefit of such Member pursuant to instructions from the Administrator.

Section 9.2. Benefits Not Assignable. Except as may otherwise be required by law or pursuant to the terms of a qualified domestic relations order, no benefit under the Plan shall in any manner or to any extent be assignable or transferable by any Member or beneficiary under the Plan or subject to attachment, garnishment, or other legal process. No attempted assignment or transfer of any benefit under the Plan shall be recognized. For purposes of the Plan, a qualified domestic relations order means any judgment, order or decree (including approval of a property settlement agreement) which has been determined by the Administrator in accordance with the procedures established under the Plan to constitute a qualified domestic relations order within the meaning of Section 414(p)(1) of the Code.

Section 9.3. Forfeitures. Forfeitures will not be applied to increase the benefits any member would otherwise receive under the Plan but will be applied to reduce the Employer's contributions.

Section 9.4. Limitation on Annual Payments to Top-25.

a. The annual payments to any top-25 Employee (as described in subsection b) are restricted to an amount equal to the payments that would be made on behalf of the Employee under a single life annuity which is the equivalent using the Actuarial Factors of the sum of the Employee's Accrued Benefit and the Employee's other benefits under the Plan. This restriction does not apply, however, if:

(i) After payment to a top-25 Employee described in subsection b of all benefits described in subsection c, the value of Plan assets equals or exceeds one hundred ten percent of the value of current liabilities, as defined in Section 412(l)(7) of the Code, or

(ii) The value of the benefits described in subsection c for a top-25 Employee described in subsection b is less than one percent of the value of such current liabilities.

b. The Employees whose benefits are restricted on distribution include all highly compensated Employees and highly compensated former Employees within the meaning of Section 414(q) of the Code, subject to the limitation of the next sentence. In any one year, the total number of Employees whose benefits are subject to restriction under this Section 9.4 are limited to the group of twenty-five highly compensated Employees and highly compensated former Employees with the greatest compensation as defined in Section 9.5c(3).

c. The provisions of this Section 9.4 do not apply if the Commissioner determines that such provisions are not necessary to prevent the prohibited discrimination that may occur in the event of an early termination of the Plan.

Section 9.5. Limits. Benefits under this Plan, other than those provided under the Transitional Retirement Account, shall be limited in accordance with section 415 of the Code and this Section 9.5, which shall be interpreted consistently with Section 415 of the Code and regulations thereunder.

a. Annual Benefit Limit.

(1) (A) For a Member receiving benefits beginning on or after his Social Security retirement age as determined under Section 216(l) of the Social Security Act, the projected annual benefit shall in no event at any time within the limitation year exceed the lesser of \$90,000 or his average compensation for his high three consecutive Years of Participation, within the limitations of Section 415(e) of the Code. If the maximum limitation is increased for defined benefit plans under Section 415(d) of the Code to an amount greater than \$90,000, such greater amount shall be substituted for \$90,000 in the preceding sentence.

(B) For a Member receiving benefits beginning after his Social Security retirement age as determined under Section 216(l) of the Social Security Act, the projected benefit shall in no event exceed the limitations applicable to benefits beginning at Social Security retirement age as determined under Section 216(l) of the Social Security Act modified by increasing the dollar limitation to an actuarial equivalent amount calculated by applying an interest rate determined in accordance with Section 1.3 (but not greater than five percent).

(C) For a Member receiving benefits beginning before his Social Security retirement age as determined under Section 216(l) of the Social Security Act, the projected annual benefit shall in no event exceed the lesser of his average compensation for his high three consecutive Years of Participation or the actuarial equivalent of a \$90,000 benefit beginning at his Social Security retirement age as determined under Section 216(l) of the Social Security Act, which actuarial equivalent is determined by using the interest rates consistent with the rates used for reduction of old age insurance benefits commencing before his Social Security retirement age as determined under Section 216(l) of the Social Security Act (but not less than five percent). If the maximum limitation is increased for defined benefit plans under Section 415(d) of the Code to an amount greater than \$90,000 then such greater amount shall be substituted for \$90,000 in the preceding sentence.

(2) (A) For a Member with fewer than ten Years of Service, the maximum annual benefit allowable as a percentage of average compensation under paragraph (1) of this Section 9.5a shall be adjusted by multiplying the otherwise allowable benefit, by a fraction, the numerator of which is the number of Years of Service (or part thereof) with the Company and the denominator of which is ten.

(B) For a Member with fewer than ten Years of Participation, the dollar limitation described in Paragraph (1) of this Section 9.5a shall be adjusted by multiplying such amounts by a fraction, the numerator of which is the number of the Member's Years of Participation (or part thereof) and the denominator of which is ten.

(C) The rules of subparagraphs (A) and (B) of this Section 9.5a(2) shall not be applied so as to reduce the limitations provided under paragraph (1) of this Section 9.5a to less than one-tenth of the limitation determined without regard to this paragraph (2).

b. Preservation of Certain Benefits.

(1) Notwithstanding the provisions of Section 9.5a for any Member who was a Member of this Plan as of January 1, 1987, if such Member's current Accrued Benefit as of December 31, 1986 exceeds the dollar limitation described in Section 9.5a, the dollar limitation for such Member shall be equal to such current accrued benefit.

(2) Notwithstanding the provisions of Section 9.5a, if a Member was a Member of this Plan as of January 1, 1983, and the benefit which he would have received, if he was or had been qualified for Early or Normal Retirement as of that date, would be greater than the maximum benefits provided for in Section 9.5a, then the maximum annual benefit of such Member shall not exceed an amount such that the quotient of the annual benefit accrued through December 31, 1982 divided by the lesser of (i) one hundred twenty-five percent of \$136,425 or (ii) one hundred forty percent of such Member's average compensation for his high three consecutive Years of Participation is equal to the numeral one minus the quotient of the sum of each of the yearly annual additions made to a Member's account under the Xerox Corporation Profit Sharing and Savings Plan divided by the lesser of (i) one hundred twenty-five percent of the dollar limitation in effect under Code Section 415(c)(1)(A) for each such year or (ii) one hundred forty percent of twenty-five percent of the compensation of a Member with respect to such Member under the Xerox Corporation Profit Sharing and Savings Plan for each such year.

c. Definitions and Rules. For purposes of this Section the following definitions and rules of interpretation shall apply:

(1) "annual benefit" - where the annual benefit payable under the Plan is other than in the form of either a straight life annuity or a qualified joint and survivor annuity within the meaning of Code Section 401(a)(11)(G)(iii), it shall be adjusted to an equivalent benefit in the form of a straight life annuity on the basis of reasonable actuarial assumptions;

(2) "company" - any corporation which is a member of a controlled group of corporations (as defined in Section 414(b) of the Code as modified by Section 415(h) which includes the Company or any trades or businesses (whether or not incorporated) which are under common control (as defined in Section 414(c) of the Code as modified by Section 415(h)) with the Company;

(3) "compensation" - with respect to a limitation year, the Member's compensation for such year determined in accordance with Treasury Regulation Section 1.415-2(d)(11)(i), excluding moving expenses to the extent provided in the third sentence thereof.

(4) "limitation year" - the Plan Year;

(5) "projected annual benefit"-the annual benefit to which a Member would be entitled under the Plan on the assumptions that he continues employment until his Normal Retirement Date, that his compensation continues at the same rate as in effect for the limitation year under consideration until his Normal Retirement Date, and that all other relevant factors used to determine benefits under the Plan remain constant as of the current limitation year for all future limitation years;

(6) "Years of Participation" - see Section 1.43;

(7) "Years of Service" - see Section 1.44;

(8) all defined benefit plans (whether or not terminated) of the Company shall be treated as being part of the Plan;

(9) "annual additions" - the amount allocated on the Member's behalf under any defined contribution plan defined in Section 3(34) of ERISA and qualified under Section 401(a) or 403(a) of the Code and maintained by the Employer.

Section 9.6. Nonduplication of Benefits. In the event any part of or all of a Member's accrued benefit is distributed to him or is segregated for the account of or distributed to a former Spouse as an alternate payee pursuant to a qualified domestic relations order prior to his Normal Retirement Date. [and such Member at any time thereafter recommences active participation in the Plan, the accrued benefit of such Member based on all Years of Participation shall be offset by the accrued benefit attributable to such distribution or segregation.

Section 9.7. Merger of Plans. In the case of any merger or consolidation of this Plan and/or the Trust Fund with, or transfer of the assets or liabilities of the Plan and/or Trust Fund to, any other plan, the terms of such merger, consolidation or transfer shall be such that each Member would receive (in the event of termination of this Plan or its successor immediately thereafter) a benefit (after giving effect to Section 12.3 hereof, if Section 12.3 is applicable at the time of such merger, consolidation or transfer) which is no less than he would have received in the event of termination of this Plan immediately before such merger, consolidation or transfer (after giving effect to Section 12.3 hereof, if Section 12.3 is applicable at the time of such merger, consolidation or transfer).

Section 9.8. Commencement of Benefits.

a. Unless the Member otherwise elects how and when benefits are to commence on a form prescribed by the Administrator or unless the Member cannot be located to make such an election, in no event shall the payment of benefits begin later than the sixtieth day after the close of the Plan Year in which

(i) occurs the date on which the Member attains Normal Retirement Age,

or

(ii) the Member terminates his employment with the Employer.

b. Notwithstanding the provisions of a above, the benefit of a Member who has (i) terminated employment or retired, (ii) who attains age seventy and one-half on or before December 31, 1998 and continues employment, or (iii) who is a five percent owner with respect to the Plan Year ending in the calendar year in which the Member attains age seventy and one-half shall be entirely distributed to such Member or shall commence to be distributed not later than April 1 of the calendar year following the calendar year in which the Member attains age seventy and one-half.

Otherwise, a Member's benefit shall not commence to be distributed until the Member's retirement or termination of employment. An actuarial increase factor will be applied in determining the benefit payable to a Member who continues employment on or after attaining age seventy and one-half.

For purposes of this Section 9.8.b, the term "five percent owner" means any person who owns (or is considered as owning within the meaning of Section 318 of the Code) more than five percent of the outstanding stock of the Employer or stock possessing more than five percent of the total combined voting power of all stock of the Employer. If a Member's benefit is not distributed in a lump sum, payment of such benefit shall be made during one of the following periods (in accordance with regulations to be prescribed by the Secretary of the Treasury):

(i) the life of the Member;

(ii) the joint lives of the Member and his designated beneficiary or beneficiaries;

(iii) a period not extending beyond the life expectancy of the Member; or

(iv) a period not extending beyond the joint life expectancy of the Member and his designated beneficiary or beneficiaries.

c. If a Member has begun to receive his benefits under the Plan and he dies before his benefits have been distributed to him, the remaining portion of his benefits shall be distributed at least as rapidly

as under the method of distribution elected as of the date of his death. If a Member dies before he has begun to receive his benefits, then his entire benefits shall be distributed within five years following the date of his death; provided, however, that this provision shall not be applicable if:

(i) the Member's retirement benefit is payable to or for the benefit of a designated beneficiary;

(ii) the Member's benefit will be distributed (in accordance with regulations to be prescribed by the Secretary of the Treasury) over the life of such designated beneficiary (or over a period not extending beyond the life expectancy of such beneficiary); and

(iii) such distribution commences not later than one year after the date of the Member's death (or such later date as may be prescribed in regulations promulgated by the Secretary of the Treasury);

(iv) and further provided that if the designated beneficiary referred to in subsection (i) is the Member's Spouse, the distribution under subsection (iii) need commence no earlier than the date on which the Member would have attained age seventy and one-half. If the Member's Spouse dies before the distribution of benefits to such Spouse has begun, the preceding provisions of this subparagraph shall apply to such Spouse in the same manner as if such Spouse were the Member.

d. For purposes of Section 9.8b and 9.8c distributions shall be made in compliance with Section 401(a)(9) of the Code and regulations thereunder, which shall override any form of distribution otherwise permitted under the Plan inconsistent therewith. In accordance with such regulations, the life expectancy of a Member and a Member's Spouse shall be redetermined, provided, however, that life expectancy shall not be redetermined for a Life Annuity.

Section 9.9. Doubt As to Right to Payment. If at any time any doubt exists as to the right of any person to any payment hereunder or as to the amount of time of such payment (including, without limitation, any doubt as to identity, or in any case in which any notice has been received from any other person claiming any interest in amounts payable hereunder, or any case in which a claim from other persons may exist by reason of community property or similar laws), the Administrator shall be entitled, in his discretion, to direct the Trustee (or any insurance company) to hold such sum as a segregated amount (on an interest bearing basis) in trust until such right or amount or time is determined or until order of a court of competent jurisdiction, or to pay such sum into court in accordance with appropriate rules of law in such case then provided, or to make payment only upon receipt of a bond or similar indemnification (in such amount and in such form as is satisfactory to the Administrator).

Section 9.10. Unit Accounting May Be Ignored. The expression in terms of units of the total value of the assets held in each Member's Transitional Retirement Account is referred to elsewhere in the Plan solely for the sake of precision and clarity. Recognizing that individual account balances and other records in connection with the Plan may or will be maintained through the use of modern computer facilities, the Plan Administrator is expressly empowered to disregard the unit method of accounting so long as the results achieved by the accounting and reporting methods selected by the Plan Administrator are consistent with the intents and purposes of the provisions of the Plan. Also recognizing that amounts invested in the Income Fund may be deposited with a legal reserve life insurance company under a group annuity contract providing a guaranty of principal and interest, the Plan Administrator is also expressly empowered to disregard the unit method of accounting in such cases, since accounting and reporting methods with respect to the Income Fund can be consistent with the intents and purposes of this Plan without unit accounting.

ARTICLE 10

Administration of the Plan

Section 10.1. Appointment of the Administrator. The administration of the Plan, as provided herein, including the payment of all benefits to Members or their beneficiaries, shall be vested in and shall be the responsibility of the Plan Administrator, who is the administrator and named fiduciary of the

Plan, who shall be appointed by the chief executive officer of the Company (or an officer designated by the chief executive officer), and who shall serve until the appointment of a successor Plan Administrator by amendment to this Section. Until so amended, the Plan Administrator is Patricia M. Nazemetz.

Section 10.2. Authority of Administrator. In the administration of the Plan the Administrator may, subject always to the requirements of Section 10.5,

- a. Employ agents to carry out non-fiduciary responsibilities;
- b. Employ agents to carry out fiduciary responsibilities (other than trustee responsibilities as defined in Section 405(c)(3) of ERISA);
- c. Consult with counsel, who may be counsel to the Company;
- d. Provide for the allocation of fiduciary responsibilities (other than trustee responsibilities as defined in Section 405(c)(3) of ERISA);
- e. Construe the Plan and the Trust Agreement thereunder and resolve any ambiguity with respect thereto; and
- f. Should any defect, omission, ambiguity or inconsistency in the Plan or the Trust Agreement be discovered at any time, the Administrator shall be empowered to take such action as may be necessary to correct such defect, rectify such omission, resolve such ambiguity or reconcile such inconsistency.

Section 10.3. Investment Responsibilities. The Administrator shall have no authority over or responsibility for the management and investment of the assets of the Plan, which function shall be the sole responsibility of the investment manager or managers appointed under Section 10.8.

Section 10.4. Expenses of the Plan. The expenses of administering the Plan and the compensation of all employees, agents or counsel of the Administrator, including the Trustee's fees, shall be paid from the Trust Fund, unless paid by the Company.

Section 10.5. Duties of the Administrator. The Administrator shall administer the Plan and adopt such rules and regulations as in the opinion of the Administrator are necessary or advisable to implement and administer the Plan and to transact its business. In performing her duties, the Administrator shall act solely in the interest of the Members of the Plan and their beneficiaries and

- a. For the exclusive purpose of providing benefits to the Members and their beneficiaries;
- b. With a care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims; and
- c. In accordance with the documents and instruments governing the Plan insofar as such documents and instruments are consistent with the provisions of Title I of ERISA. In addition to any other duties the Administrator may have, the Administrator shall periodically review the performance of all persons to whom fiduciary duties have been delegated or allocated pursuant to the provisions of Section 10.2.

Section 10.6. Indemnification. The Company agrees to indemnify and reimburse, to the fullest extent permitted by law, the Administrator and any Employees of the Company acting on behalf of the Administrator, and any such former Administrator and Employees, for any and all expenses, liabilities, or losses arising out of any act or omission relating to the rendition of services for or the management and administration of the Plan.

Section 10.7. Claims Procedures. The Administrator shall establish a reasonable claims procedure.

Section 10.8. Authority of the Board of Directors. The Board or a Committee of the Board, to the extent designated by the Board, shall be a named fiduciary of the Plan and shall have the authority to control and manage the assets of the Plan. The Board or such Committee shall also have the authority to appoint another named fiduciary or fiduciaries or an investment manager or managers (as defined in Section 3(38) of ERISA or otherwise as provided in the Trust Agreement To Fund Retirement Plans, as amended from time to time) to manage (including the power to acquire and dispose of) all or any part of the assets of the Plan. The Board or such Committee, or a delegee of the Board or Committee, shall establish a funding policy and method and shall review at least annually such funding policy and method. All actions taken with respect to such funding policy and method and the reasons therefor shall be reflected in the written records of the Company. The Board or such Committee shall have the authority and responsibility to select the Trustee and to periodically review the performance of the Trustee.

ARTICLE 11

Retirement Benefits in Special Cases

Section 11.1. Certain Employees or Former Employees of Ginn and Company.

a. Former employees of Ginn and Company who have heretofore retired and are entitled to receive retirement benefits under Exhibit A to the Schedule of Employee Benefits executed pursuant to Section 2.08(a) of the Agreement and Plan of Merger and Reorganization dated March 6, 1968 between Xerox Corporation and Ginn and Company ("Merger Agreement") shall be entitled to receive a retirement benefit paid out of the Trust in accordance with the terms of the Merger Agreement.

b. Any person who after the Effective Date retires from employment with the Company and who is specified in Appendix 2 to such Schedule of Employee Benefits to the Merger Agreement shall receive retirement benefits paid out of the Trust in accordance with the terms and conditions of the Merger Agreement.

Section 11.2. Certain Former Employees of Xerox Publishing Division. Certain former employees of the Xerox Publishing Division who were employed in Middletown, Connecticut, or Columbus, Ohio, have been granted and are receiving monthly payments from the Company. Such payments shall be continued in the same amount out of the Trust until the death of the recipient thereof.

Section 11.3. Certain Employees of Circle Business Credit, Inc. Anything herein to the contrary notwithstanding, with respect to each "Electing Employee" of Circle Leasing Corp. ("CLC") (as that term is defined in "Schedule M" to the Purchase Agreement dated as of September 30, 1983 ("Agreement") pursuant to which Circle Business Credit, Inc. ("CBC") acquired substantially all of the assets of CLC) who on September 30, 1983 becomes actively employed by CBC:

a. Each such "Electing Employee" shall become an Active Member on September 30, 1983 and receive credit under Section 1.1 (relating to Accrued Benefit) and Section 1.43 (Years of Participation) of the Plan for Hours of Service during any period of employment recognized for purposes of determining benefits under "Seller's Pension Plan" as defined in Schedule M.

b. Each such "Electing Employee" shall be entitled to receive, as a minimum nonforfeitable benefit under the Plan, a benefit (the "Minimum Benefit") in the amount of the benefit accrued under Seller's Pension Plan for such "Electing Employee" on the "First Closing Date" (as defined in the "Agreement"), provided that in no event shall such "Electing Employee" have a nonforfeitable benefit under the Plan less than that required by the Code or ERISA, and further provided that the Minimum Benefit shall be offset against the benefit otherwise payable to such "Electing Employee" under the Plan.

Section 11.4. Employees of Xerox Credit Corporation. Anything herein to the contrary notwithstanding, each employee of Xerox Credit Corporation shall become an Active Member on July 2, 1980 and receive credit under Section 1.1 (relating to Accrued Benefit) and Section 1.43 (Years of Participation) of the Plan for all Hours of Service with Xerox Services, Inc.

Section 11.5. Monthly Retirement Benefit for Certain Former Employees of the Company and Ginn and Company. The provisions (including the effective dates thereof) of Amendment No. 1 dated December 20, 1977 (as amended by Amendment No. 1 thereto dated April 18, 1978), Amendment No. 4 dated May 26, 1978, Amendment No. 6 dated September 27, 1978 and Amendment No. 8 dated September 26, 1980 to the Plan, pursuant to which certain former employees of the Company and of Ginn and Company are entitled to receive monthly retirement benefits in the amounts set forth in such amendments, are hereby incorporated herein.

Section 11.6. Certain Employees Transferring Employment to the United States. Anything herein to the contrary notwithstanding, the benefit payable to each employee of the Company who, prior to January 1, 1990, became actively employed by the Company after transferring employment from a foreign subsidiary of the Company shall be the greater of a or b below:

a. (1) Each such employee shall become an Active Member on the date he commences employment with the Company and receive credit under Section 1.1 (related to Accrued Benefit) and Section 1.43 (relating to Years of Participation) of the Plan for Hours of Service during any period of employment with the foreign subsidiary.

(2) There shall be offset against the benefit otherwise payable to such employee under the Plan pursuant to Section 4.2a, b or c (i) any benefit to which the employee is entitled under any pension plan maintained by the foreign subsidiary and (ii) any foreign governmental social security or similar retirement benefits (to the extent attributable to employer contributions and consistent with Internal Revenue Service Social Security offset integration rules); or

b. The benefit payable pursuant to Sections 4.2a, b or c, calculated consistent with Section 1.43k such that no credit shall be given for Years of Participation for any period of employment with the foreign subsidiary.

This Section is limited to employees who transferred employment to the Company from a foreign subsidiary prior to January 1, 1990. For all other employees who transferred employment from a foreign subsidiary, Section 1.43k controls in the calculation of the benefit payable pursuant to Section 4.2 a, b or c.

Section 11.7. Employees of LMV Leasing, Inc. Anything herein to the contrary notwithstanding, each employee of LMV Leasing, Inc. shall become an Active Member on December 9, 1983 and receive credit under Section 1.1 (relating to Accrued Benefit) and Section 1.43 (Years of Participation) of the Plan for all Hours of Service with LMV Leasing, Inc.

Section 11.8. Former Participants in the XDS Retirement Income Plan. If in the case of any Member who is a former participant in the XDS Plan, the liability of the XDS Plan attributable to such Member's accrued benefit under the XDS plan was transferred to the Plan, such Member shall be entitled at his Normal Retirement Age to the benefit described under a, b, or c below, as applicable based on the Member's date of termination from employment for which benefits were accrued under the XDS Plan and the date upon which the Member became eligible for benefits under this Plan, provided that in no event shall this provision be construed so as to result in any Member receiving a duplication of benefits under this Plan and the XDS Plan.

a. If such Member terminated from employment after a period for which benefits were accrued under the XDS Plan and such period of service does not qualify under Section 1.43 of this Plan, the benefit under this Section 11.8 is equal to the monthly normal retirement benefit accrued under the XDS Plan for periods that do not qualify as Years of Participation under Section 1.43. Such additional monthly normal retirement benefit shall be added to the benefit under Section 4.2. In determining a Member's early or deferred vested retirement benefit under Article 5 or 6, such additional monthly normal retirement benefit shall be reduced for each month by which the commencement of benefits precedes the Member's normal retirement age on an actuarially equivalent basis using the factors that were in effect under the XDS Plan.

b. If such Member begins to earn credit under Section 1.43 of this Plan as of January 1, 1997 and receives credit as of such date under Section 1.43 of this Plan for all prior Years of Participation under the XDS Plan, such Member shall be entitled under this Section 11.8 to a minimum monthly normal retirement benefit equal to the monthly normal retirement benefit accrued under the XDS Plan immediately prior to the date on which such Member commenced accrual of benefits under the formula set forth in Section 4.2 of this Plan. Such minimum monthly benefit shall be reduced by one-half of one percent for each month by which the commencement of benefits precedes the Member's normal retirement age. The Member's normal retirement benefit shall be based on the greater of the benefit determined under this Section 11.8 or the benefit determined under Section 4.2 and a similar comparison shall be made in determining a Member's early or deferred vested retirement benefit under Article 5 or 6. The benefit as so determined shall be treated as the Member's benefit under Section 4.2a, b or c for purposes of applying the first sentence of Section 4.2, Articles 7 through 9 and Article 15.

c. If Sections 11.8a and 11.8b do not apply and prior Years of Participation under the XDS Plan are counted as Years of Participation under Section 1.434 of this Plan, the Member shall be entitled under Section 4.2 to the benefit determined by increasing the benefits defined in Sections 4.2e and 4.2f by the benefit accrued under the XDS Plan. This calculation shall be made in determining a Member's early or deferred vested retirement benefit under Article 5 or 6, with the benefit accrued under the XDS Plan and added under Sections 4.2e and 4.2f being reduced by one-half of one percent for each month by which the commencement of benefits precedes the Member's normal retirement age for purposes of Article 5. The Member's benefit as determined after applying this Section 11.8 shall be treated as the Member's benefit under Sections 4.2e and 4.2f for purposes of applying the first sentence of Section 4.2, Articles 7 through 9 and Article 15.

Section 11.9. Former Participants in The Pension Plan for Employees of The Dowdell Corporation. Anything to the contrary herein notwithstanding, each active employee of The Dowdell Corporation who was participating in The Pension Plan for Employees of The Dowdell Corporation on October 2, 1986 shall be a Member as of October 2, 1986 and receive credit under Sections 1.1 and 1.43 of this Plan for all Hours of Service with The Dowdell Corporation.

Section 11.10. Former Employees of DX Imaging. Anything to the contrary notwithstanding, each active employee of DX Imaging who had a right to return to work for the Company, and who does so, shall again be a Member as of the date he or she returns to work with the Company and shall receive credit under Section 1.44 (relating to Years of Service) only for such time as such person was employed by DX Imaging.

Section 11.11. Employees of XES, Inc. Anything to the contrary notwithstanding, each person employed by XES, Inc. on December 31, 1992 who was not covered by a collective bargaining agreement and was not in a salary continuance status as a participant in a voluntary or involuntary reduction in force program shall become a Member of this Plan as of such date and as of January 1, 1993 shall be credited with Years of Participation and Average Monthly Compensation for periods before January 1, 1993 as elsewhere herein provided. Each person employed by XES, Inc. after December 31, 1992 who is not covered by a collective bargaining agreement shall become a Member of this Plan in accordance with the provisions of Article 2.

Section 11.12. Employees of Agfa. Anything to the contrary notwithstanding, each person employed by Agfa shall become a Member of this Plan as of November 1, 1993 and receive credit under Section 1.44 (relating to Years of Service) for such time as such person was employed by Agfa. Each such person shall receive no credit under Section 1.43 (relating to Years of Participation) for such service with Agfa.

Section 11.13. Employees of Xerox International Partners. Anything to the contrary notwithstanding, each person employed by Xerox International Partners who becomes a Member of this Plan shall receive credit under Section 1.44 (relating to Years of Service) for such time as such person was employed by Xerox International Partners. Each such person shall receive credit under Section 1.43 (relating to Years of Participation) for such service with Xerox International Partners.

Section 11.14. Employees Transferred to Electronic Data Systems Corporation. Anything to the contrary notwithstanding, a former Employee who is transferred to employment with Electronic Data Systems Corporation ("EDS") in connection with the global information management service agreement dated June 14, 1994 between the Company and EDS and who, at the time of such transfer had not completed five Years of Service or attained Normal Retirement Age, shall receive credit under Section 1.44 (relating to Years of Service) for each full year during which such former Employee is employed by EDS; provided, however, that for the purpose of computing Years of Service for such transferred employees, the Severance from Service Date will be the earlier of date the individual terminates employment with EDS or five years from the date of the individual's transfer to EDS. Each such person shall receive no credit under Section 1.43 (relating to Years of Participation) for such service with EDS.

Section 11.15. Employees Transferred to McDonnell Information Systems Group plc (MDIS). Anything to the contrary notwithstanding, a former Employee who is transferred to employment with MDIS in connection with the asset purchase agreement between the Company and MDIS and who, at the time of such transfer had not completed five Years of Service or attained Normal Retirement Age, shall be considered to have completed five Years of Service under Section 1.44 (relating to Years of Service). Each such person shall receive no credit under Section 1.43 (relating to Years of Participation) for such service with MDIS.

Section 11.16. Employees Formerly Employed by Electronic Data Systems Corporation. Anything herein to the contrary notwithstanding, a former employee of Electronic Data Systems Corporation ("EDS") who is transferred to employment with Xerox Business Services ("XBS"), a division of the Company, as a "Transitioned Employee" (as defined in and pursuant to the Document Management Services Agreement between XBS and EDS dated March 20, 1995), shall upon becoming an employee of XBS be credited with years of service for the period prior to his becoming an employee of XBS for those periods during which he was employed by EDS for the sole purpose of determining eligibility for vesting hereunder. Under no circumstance shall such person receive credit for years of service prior to being employed by XBS for any other purpose.

Section 11.17. Employees Formerly Employed by Citibank, N.A. Anything herein to the contrary notwithstanding, a former employee of Citibank, N.A. ("Citibank") who is transferred to employment with Xerox Business Services ("XBS"), a division of the Company (as defined in and pursuant to the Agreement--Desktop Publishing and Management Services dated July 26, 1996 by and between the Company and Citicorp North America, Inc.), shall upon becoming an employee of XBS be credited with Years of Service for the period prior to his becoming an employee of XBS for those periods during which he was employed by Citibank for the sole purpose of determining eligibility for vesting hereunder. Under no circumstance shall such person receive credit for Years of Service prior to being employed by XBS for any other purpose or for Years of Participation.

Section 11.18. Employees Formerly Employed by MasterCard International. Anything herein to the contrary notwithstanding, each former employee of MasterCard International ("MasterCard") who is transferred to employment with Xerox Business Services (XBS), a division of the Company, as an employee (pursuant to the Document Management Services, dated December 18, 1995 and effective as of April 1, 1996, by and between XBS and MasterCard), shall upon becoming an employee of XBS receive credit for Years of Service for each full year during which he was employed by MasterCard, for the sole purpose of determining eligibility for vesting under this Plan. Under no circumstance shall such person receive credit for Years of Service prior to being employed by XBS for any other purpose or for Years of Participation.

Section 11.19. Certain Former Employee Accounts in the Income Fund. Effective April 1, 1998, benefits under this Plan currently held in the Income Fund in the form of separate defined contribution accounts for retired or otherwise inactive Members and for alternate payees and beneficiaries shall be transferred to the Income Fund of the Salaried Plan as permitted therein.

ARTICLE 12

Amendment and Termination

Section 12.1. Right To Amend or Terminate the Plan. It is the intention of the Company to continue the Plan indefinitely and to make contributions as herein provided. The Company expressly reserves the right to terminate the Plan at any time or to amend the Plan at any time and in any particular, provided that any such amendment shall be made in accordance with ERISA. Amendments, other than amendments relating to termination of the Plan or relating to benefit levels under Section 4.2 of the Plan, shall be effected by a committee made up of representatives of each of the Treasurer of the Company and the Vice President of the Company responsible for human resources. In the event such offices are vacant at the time the amendment is to be made, the Chief Executive Officer of the Company shall appoint a representative to the committee. Amendments relating to termination of the Plan or relating to benefit levels under Section 4.2 of the Plan shall be effected pursuant to a resolution duly adopted by the Board of Directors of the Company, or duly constituted committee of the Board of Directors of the Company, in accordance with the Business Corporation Law of the State of New York.

Any amendment to the Plan shall be set forth in a written instrument executed by any Vice President of the Company and by the Secretary or an Assistant Secretary of the Company.

Section 12.2. Termination. Upon termination or partial termination of the Plan, all affected Members shall have a nonforfeitable right to the benefits accrued to the date of termination or partial termination to the extent then funded and upon the occurrence of such event, the assets of the Trust Fund shall be allocated among the affected Members and their beneficiaries. Assets shall first be allocated to the Transitional Retirement Account before other priority categories, in accordance with Section 4044(a) of ERISA, and administered and distributed at such time or times as is determined by the Administrator. No benefits will be payable upon termination of the Plan to the extent not constituting "accrued benefits" within the meaning of Section 3(23)(A) of ERISA or benefits protected under ERISA Section 204(g). All assets of the Plan in excess of those necessary to provide such benefits shall inure to, and be distributed to, the Company.

Section 12.3. Disposition of Surplus Assets Upon Termination Following a Change in Control. Notwithstanding any other provision of the Plan, in the event the Plan is terminated, or there is a complete discontinuance of contributions to the Plan (which shall be deemed a termination of the Plan) within five years following a change in control of the Company (as hereinafter defined), the assets of the Plan shall be applied in accordance with the provisions of this Article 12 to satisfy all liabilities to Members and beneficiaries. If, after satisfaction of all such liabilities, there are assets remaining in the Plan ("Excess Assets"), such Excess Assets shall be applied in their entirety, subject to Section 9.5 hereof, to increase the benefits of such Members and beneficiaries on a pro rata basis based upon the then present value of the accrued benefits of such Members and beneficiaries computed pursuant to Section 8.2(b); provided, however, that for purposes of determining such pro rata application of Excess Assets, Members and beneficiaries shall not include individuals who have commenced receiving benefits under the Plan, or who are not employed by the Company or any other Employer as of the date ("Change in Control Date") of the change in control ("Ineligible Persons"). Ineligible Persons shall not be entitled to any portion of said pro rata application of Excess Assets; provided, however, that the Board may in its sole discretion segregate up to ten percent of said Excess Assets ("Retiree Assets") for the benefit of retirees and other individuals who have commenced receiving benefits under the Plan ("Retirees") as of the Change in Control Date, if the Board deems such action appropriate. In the event of such a segregation of Retiree Assets, the remaining Excess Assets shall be applied to increase the benefits of Members and beneficiaries according to the pro rata formula hereinabove set forth. The Board shall use said Retiree Assets, if any, solely to benefit Retirees.

For purposes hereof, a "discontinuance of contributions" shall not be deemed to have occurred where no contribution has been made to the Plan for any year because no such contribution in such year would be deductible under Code Section 404.

For purposes hereof, a "change in control of the Company" 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 twenty 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.

ARTICLE 13

Agreements of Trust

Section 13.1. Trustee. In order to implement the Plan, the Company has entered into one or more Agreements of Trust to the end that such funds as may be irrevocably contributed from time to time for the payment of all or any part of the benefits under the Plan shall be segregated from the Employer's own assets and held in trust by one or more Trustees for the exclusive benefit of the Members or their beneficiaries under the Plan who may, in accordance with the terms of the Plan and such Agreements of Trust, be entitled to participate thereunder. The Trust Agreement shall be deemed to form a part of the Plan, and all rights and benefits which may accrue to any person under this Plan shall be subject to all the terms and conditions of the Trust Agreement. The Company may modify any Trust Agreement, remove any Trustee and select a successor Trustee at any time.

Section 13.2. Trust Funds Are for Exclusive Benefit of Members of the Plan and Their Beneficiaries. It shall be impossible under any circumstances at any time prior to the satisfaction of all benefit liabilities with respect to Members and their beneficiaries for any part of the corpus or income of the Trust Fund to be used for or diverted to purposes other than the exclusive benefit of the Members of the Plan and their beneficiaries, provided, however:

- a. In the case of a contribution made by the Employer by a mistake of fact, such contribution shall be returned to the Employer within one year after its payment; and
- b. If the deduction of a contribution is disallowed by the Internal Revenue Service, to the extent of disallowance the contribution shall be returned to the Employer within one year after the disallowance.
- c. If after the allocation of the Trust Fund as provided under Section 12.2, any part thereof remaining after satisfying all benefit liabilities under the Plan may revert to the Employer.

ARTICLE 14

Miscellaneous

Section 14.1. Employment Rights. The Employer's right to discipline or discharge Employees shall not be affected by reason of any of the provisions of the Plan.

Section 14.2. Titles Are for Reference Only. The titles are for reference only. In the event of a conflict between a title and the content of a Section, the content of the Section shall control.

Section 14.3. Construction. Except to the extent preempted by federal law, the provisions of the Plan shall be interpreted in accordance with the laws of the State of New York.

Section 14.4. Variation in Collective Bargaining Agreement. The provisions of the Plan shall be modified with respect to a class of Members to the extent specifically and expressly provided in a collective bargaining agreement covering such Members which provides for coverage under the Plan.

Section 14.5. Transfer of Funds to Other Plans. Payments may be made from the Plan to other plans which are qualified under Section 401 of the Code for the benefit of Employees who are transferring employment from the Employer to other companies in connection with the transfer of assets or businesses by the Employer to such other companies. Payments of such amounts shall be made in accordance with the instruments providing for and governing the making of such payments.

Section 14.6. Failure To Locate Payee. If the Plan Administrator, after making reasonable efforts to do so, is unable to locate the whereabouts of a Member or beneficiary within a period of three years following the due date of the first payment of benefits which cannot be made because of such inability to locate the payee, the entire interest or any unpaid balance thereof of any Member or beneficiary shall be forfeited and the amount so forfeited shall be returned to the Trust and used to reduce the administrative expenses of the Plan. If thereafter the Member or beneficiary makes a valid claim for such unpaid balance, the amount previously forfeited shall be paid to the Member or beneficiary.

Section 14.7. Elections Relating to Determination of Highly Compensated Employees. In determining who is a highly compensated employee within the meaning of Section 414(q) of the Code for any purpose relating to this Plan, the simplified definition of Highly Compensated Employee as provided by Section 414(q)(12) of the Code and the calendar year election provided by applicable regulations under Section 414(q) of the Code are elected with respect to years for which such elections are available.

Section 14.8. Limitations of Actions. Any action brought in state or federal court for the alleged wrongful denial of Plan benefits or for the alleged intentional interference with any Plan rights to which a person is or may become entitled under ERISA must be commenced within one year after the cause of action accrued.

ARTICLE 15

Top Heavy Provisions Applicable to Plan Year Commencing on or After January 1, 1984

Section 15.1. Application of Top Heavy Provisions.

a. Single Plan Determination. Except as provided in subsection b(ii), if as of a Determination Date, the sum of the amount of the present value of the cumulative accrued benefits of Key Employees and the beneficiaries of deceased Key Employees exceeds sixty percent of the amount of the present value of the cumulative accrued benefits of all Members and beneficiaries other than former Key Employees, the Plan is top heavy and the provisions of this Article shall become applicable.

b. Aggregation Group Determination.

(i) If as of a Determination Date, this Plan is part of an Aggregation Group which is top heavy, the provisions of this Article shall become applicable. Top heaviness for the purpose of this subsection shall be determined with respect to the Aggregation Group in the same manner as described in subsection a.

(ii) If this Plan is top heavy under subsection a, but the Aggregation Group is not top heavy, this Article shall not be applicable.

c. Amounts Included in Accrued Benefit. For purposes of determining whether the Plan is top heavy, the value of a Member's Accrued Benefit includes the amount of any distribution made from the Plan to such Member, if such distribution was made during the Plan Year or the preceding four Plan Years. If, however, any individual has not performed any services for an Employer (other than retirement benefits under the Plan) at any time during the five-year period ending on the Determination Date, any Accrued Benefit for such individual shall not be taken into account in determining the top heavy status of the Plan.

Section 15.2. Provisions If Plan Becomes Top Heavy.

a. Each Member shall have a nonforfeitable right to his accrued benefit in accordance with the following six-year graded vesting schedule:

<u>Year of Service</u>	<u>The Nonforfeitable Percentage Is:</u>
2	20
3	40
4	60
5	80
6	100

b. The Accrued Benefit of each Member who is a "non-key employee", when expressed as an "annual retirement benefit", shall not be less than the "applicable percentage" of such Member's average compensation (as defined in Section 9.5(c)(3)) for the year in the "testing period".

c. The provisions of Code Section 416(h) shall apply with respect to the benefit limitations of Code Section 415(e).

d. Any portion of the Accrued Benefit that was nonforfeitable before the Plan ceased to be top heavy must remain nonforfeitable. Also, any Employee with five or more Years of Service will be given the option of remaining under the prior top heavy vesting schedule.

Section 15.3. Definitions.

a. Aggregation Group means this Plan and all other plans maintained by an Employer and its Affiliates which cover a Key Employee and any other plan which enables a plan covering a Key Employee to meet the requirements of Code Section 401(a)(4) or 410. In addition, at the election of the Plan Administrator, the Aggregation Group may be expanded to include any other qualified plan, maintained by the Employer or an Affiliate if such expanded Aggregation Group meets the requirements of Code Sections 401(a)(4) and 410.

b. Determination Date means the last day of the Plan Year immediately preceding the Plan Year for which top heaviness is to be determined.

c. Key Employee shall have the same meaning as provided in Section 416(i)(1) of the Code.

d. Applicable Percentage means the lesser of:

- (i) Two percent multiplied by the number of Years of Service with the Employer or
- (ii) Twenty percent.

Section 15.4. Actuarial Assumptions. The actuarial assumptions and benefits considered to determine the present value of accrued benefits under this Article will be the same as those stated in Section 8.2a(v).

ARTICLE 16

Enhanced Early Retirement

Section 16.1. Retirement Benefits on or Before January 31, 1987. Upon his or her retirement, each Eligible Member (as defined below), who elects on or before January 15, 1987 to retire on or before January 31, 1987, shall receive the greater of (i) the "Enhanced Retirement Benefit" (as defined below) or (ii) the retirement benefit calculated pursuant to Article 4 or 5, as in effect immediately prior to the 1989 Restatement of the Plan, calculated without regard to this Article 16.

Section 16.2. Retirement Benefits After January 31, 1987. Upon his or her retirement, each Eligible Member who does not elect on or before January 15, 1987 to retire on or before January 31, 1987 shall receive the greater of (i) the "Enhanced Retirement Benefit" (as defined below) subject to the offset provided for in Section 16.11 hereof, if applicable, or (ii) the retirement benefit calculated pursuant to Article 4 or 5, without regard to this Article 16, plus in each case the Temporary Social Security Supplement calculated under Section 16.12.

Section 16.3. Eligible Member. For the purposes of this Article 16, "Eligible Member" shall mean an Active Member not covered by a collective bargaining agreement who (i) retires on or after August 1, 1986, (ii) reaches fifty years of age as of December 31, 1986, and (iii) completes at least ten Years of Service as of December 31, 1986. For the purposes of this Article 16, "Eligible Member" shall not include (i) employees of the Employer who retired prior to August 1, 1986 and have been rehired, (ii) employees of the Employer who have terminated prior to January 15, 1987 and who have been rehired by the Employer, or (iii) employees of the Employer while they are receiving salary continuance payments.

Section 16.4. Enhanced Retirement Benefit. For the purposes of this Article 16, "Enhanced Retirement Benefit" shall mean the sum of (i) the retirement benefit calculated pursuant to Article 4 or 5 hereof, as in effect immediately prior to the 1989 Restatement of the Plan, (a) as of December 31, 1986 for Eligible Members who do not elect by January 15, 1987 to retire on or before January 31, 1987, using for the purposes of such calculation and the offset described in Section 4.2a(i), as in effect immediately prior to the 1989 Restatement of the Plan, such Eligible Member's Retirement Account balance as valued on the date of his or her retirement or (b) as of January 31, 1987 (or the date of their retirement, if earlier) for Eligible Members who elect on or before January 15, 1987 to retire on or before January 31, 1987, plus (ii) the Early Retirement Enhancement (as defined below), plus (iii) the Temporary Social Security Supplement, if applicable, (as defined below), plus (iv) the benefit described in Section 16.13 hereof, if applicable.

Section 16.5. Eligible Member's Age at Retirement. For the purposes of this Article 16 and Section 1.12, "Early Retirement Age", five years shall be added to an Eligible Member's age as of December 31, 1986, or their date of retirement, if earlier.

Section 16.6. Early Retirement Enhancement. "Early Retirement Enhancement" shall be calculated for Eligible Members who do not elect by January 15, 1987 to retire on or before January 31, 1987 as if they had retired on December 31, 1986, and as of January 31, 1987 (or the date of their retirement, if earlier) for Eligible Members who elect on or before January 15, 1987 to retire on or before January 31, 1987, and shall mean the difference between:

a. the greater of (i) or (ii) below, less the amounts specified in Section 4.2a(iii), (iv), (v), (vi), (vii) and (viii), as in effect immediately prior to the 1989 Restatement of the Plan, if applicable,

(i) one percent of Average Monthly Compensation multiplied by the number of years of Enhanced Participation (as defined below), reduced by (A) five-twelfths of one percent for each month by which the Eligible Member's Enhanced Age precedes age sixty-five, if he or she is credited with less than thirty years of Enhanced Service, or (B) five-twelfths of one percent for each month by which the Eligible Member's Enhanced Age precedes age sixty-two, if he or she is credited with thirty years of Enhanced Service; or

(ii) one and two-thirds percent of Average Monthly Compensation multiplied by the number of years of Enhanced Participation (up to a maximum of thirty years), less one and two-thirds percent of the monthly Enhanced Social Security Benefit (as defined below) multiplied by the number of years of Enhanced Participation (up to a maximum of thirty years), plus one percent of Average Monthly Compensation for each year of Enhanced Participation over thirty years (up to a maximum of five years), reduced by (A) five-twelfths of one percent for each month by which the Eligible Member's Enhanced Age precedes age sixty-five, if he or she is credited with less than thirty years of Enhanced Service, or (B) five-twelfths of one percent for each month by which the Eligible Member's Enhanced Age precedes age sixty-two, if he or she is credited with thirty years of Enhanced Service,

and

b. the greater of (i) or (ii) below, less the amounts specified in Section 4.2a(iii), (iv), (v), (vi), (vii), and (viii), as in effect immediately prior to the 1989 Restatement of the Plan, if applicable.

(i) one percent of Average Monthly Compensation multiplied by Years of Participation, reduced by (A) five-twelfths of one percent for each month by which the commencement of retirement benefits precedes the last day of the month in which the Eligible Member would attain age sixty-five, if he or she is credited with less than thirty Years of Service at the time of retirement or (B) five-twelfths of one percent for each month by which the commencement of retirement benefits precedes the last day of the month in which the Eligible Member would attain age sixty-two, if he or she is credited with thirty Years of Service at the time of retirement; or

(ii) one and two-thirds percent of Average Monthly Compensation multiplied by Years of Participation (up to a maximum of thirty years), less one and two-thirds percent of the monthly Social Security Benefit multiplied by Years of Participation (up to a maximum of thirty years), reduced by (A) five-twelfths of one percent for each month by which the commencement of retirement benefits precedes the last day of the month in which the Eligible Member would attain age sixty-five, if he or she is credited with less than thirty Years of Service at the time of retirement or (B) five-twelfths of one percent for each month by which the commencement of retirement benefits precedes the last day of the month in which the Eligible Member would attain age sixty-two, if he or she is credited with thirty Years of Service at the time of retirement.

Section 16.7. Enhanced Participation. For Eligible Members who do not elect by January 15, 1987 to retire on or before January 31, 1987, "Enhanced Participation" means full and fractional Years of Participation as of December 31, 1986, plus five years. For Eligible Members who elect on or before January 15, 1987 to retire on or before January 31, 1987, "Enhanced Participation" means full and fractional Years of Participation as of January 31, 1987 (or date of retirement, if earlier) plus five years.

Section 16.8. Enhanced Service. For Eligible Members who do not elect by January 15, 1987 to retire on or before January 31, 1987, "Enhanced Service" means Years of Service as of December 31, 1986, plus five years. For Eligible Members who elect on or before January 15, 1987 to retire on or before January 31, 1987, "Enhanced Service" means Years of Service as of January 31, 1987 (or date of retirement, if earlier) plus five years.

Section 16.9. Enhanced Age. For Eligible Members who do not elect by January 15, 1987 to retire on or before January 31, 1987, "Enhanced Age" means such Eligible Member's age as of December 31, 1986, plus five years. For Eligible Members who elect on or before January 15, 1987 to retire on or before January 31, 1987, "Enhanced Age" means such Eligible Member's age as of January 31, 1987 (or date of retirement, if earlier) plus five years.

Section 16.10. Enhanced Social Security Benefit. "Enhanced Social Security Benefit" means an Eligible Member's Social Security Benefit, calculated as of December 31, 1986 for Eligible Members who do not elect by January 15, 1987 to retire on or before January 31, 1987, and as of January 31, 1987 (or date of retirement, if earlier) for Eligible Members who elect on or before January 15, 1987 to retire on or before January 31, 1987, using Enhanced Service.

Section 16.11. Coordination with Eligible Member's Retirement Account. The Early Retirement Enhancement of an Eligible Member who does not elect by January 15, 1987 to retire by January 31, 1987 shall be offset by the excess of (a) the monthly amount which would be payable under a Life Annuity which could be purchased with the funds from an Eligible Member's Retirement Account or Transitional Retirement Account as of the date of his or her retirement, using for the purposes of calculating such Life Annuity, the Actuarial Factors in effect as of the date of such Eligible Member's retirement, over (b) the amount of the benefit described in Section 16.6(b) calculated as if such Eligible Member had retired on December 31, 1986. No such Retirement Account offset to the Early Retirement Enhancement under this Section 16.11 shall be made in the case of an Eligible Member who elects by January 15, 1987 to retire by January 31, 1987.

Section 16.12. Temporary Social Security Supplement. Upon an Eligible Member's retirement prior to reaching age sixty-two and until he or she reaches age sixty-two, he or she will receive a monthly "Temporary Social Security Supplement" equal to one and two-thirds percent of his or her monthly Enhanced Social Security Benefit multiplied by the number of years of Enhanced Participation (up to a maximum of thirty years), reduced by (i) five-twelfths of one percent for each month by which the Eligible Member's Enhanced Age precedes age sixty-five, if he or she is credited with less than thirty years of Enhanced Service or (ii) five-twelfths of one percent for each month by which the Eligible Member's Enhanced Age precedes age sixty-two, if he or she is credited with thirty or more years of Enhanced Service.

Section 16.13. Difference in Actuarial Factors. In the event that an Eligible Member elects by January 15, 1987 to retire on or before January 31, 1987 and receives his or her Enhanced Retirement Benefit and/or benefits under the Xerox Corporation Profit Sharing Retirement and Savings Plan in the form of an annuity, such Eligible Member shall receive, in addition to any other benefits under this Plan, a supplement with respect to such annuity only which shall be equal to the difference, if any, between such annuity calculated using the Actuarial Factors in effect on December 31, 1986 and such annuity calculated using the Actuarial Factors in effect as of the date such annuity is purchased. No such supplement pursuant to this subsection shall be due to any such Eligible Member who does not elect to take such benefits in the form of an annuity.

Section 16.14. Forms of Benefit Payment. All forms of benefit payments available to Members are available for the payment of the Enhanced Retirement Benefit. In the event that an Eligible Member elects a lump sum payment option for the payment of all or a portion of his or her Enhanced Retirement Benefit and the present value of the Enhanced Retirement Benefit exceeds \$25,000, such retirement benefit shall be valued at one hundred twenty percent of the immediate annuity rates used by the Pension Benefit Guaranty Corporation, but in such event, such benefit may be not less than \$25,000.

ARTICLE 17

Transitional Retirement Account

Section 17.1. Initial Transfer to Transitional Retirement Account. An account known as the "Transitional Retirement Account" was established for each Member who was a Participant in the Salaried Plan as of December 31, 1989 who was credited a Retirement Account balance as of such date and each Member who was a participant in the XES Plan as of December 31, 1992 who was credited with a balance in his "Participant's Account" under the XES Plan as of such date.

a. Effective as of January 1, 1990, the Transitional Retirement Account of each Member who was a Participant in the Salaried Plan as of December 31, 1989 was credited with the units in the Member's Retirement Account under the Salaried Plan, if any, valued as at December 31, 1989, plus the Employer contribution to the Retirement Account under the Salaried Plan with respect to the year ended December 31, 1989; provided that for the purposes hereof, with respect to those Members who were "Principals" and "Associates" of Xerox Development Corporation, it shall be assumed that the Member's Retirement Account included any amounts which would have been contributed had the Member been a Participant in the Salaried Plan on July 1, 1977, or the first date such Member would have otherwise been eligible to commence participation in the Salaried Plan, whichever is later. No further contributions shall be made to the Transitional Retirement Account after such contribution. In the event a Member previously participated in the UNITE Plan, the Member's Transitional Retirement Account under this Plan shall include assets transferred from the Transitional Retirement Account maintained thereunder, if any.

b. Effective as of January 1, 1993, the Transitional Retirement Account of each Member who was a participant in the XES Plan as of December 31, 1992 who was credited with a balance in his "Participant's Account" under the XES Plan as of that date was credited with the balance in his "Participant's Account" under the XES Plan as of such date, plus any XES, Inc. contribution on his behalf under the XES Plan with respect to the year ended December 31, 1992 which was not credited to the "Participant's Account" before the end of that year. No further contributions shall be made to the Transitional Retirement Account after such contribution. In the event such Member previously participated in the UNITE Plan, the

Member's Transitional Retirement Account under this Plan shall include assets transferred from the Transitional Retirement Account maintained thereunder, if any.

Section 17.2. Investment of Transitional Retirement Account. A Member's Transitional Retirement Account shall be invested by the Trustee under this Plan in the Balanced Fund, provided that in the case of Transitional Retirement Accounts established under Section 17.1a the following rules shall apply:

a. Investment initially shall be in the Balanced Fund or the Income Fund in the same proportions as the Member's Retirement Account was invested at December 31, 1989.

b. Effective April 1, 1991, the funds credited to the Member's Account under the Guaranteed Fund, valued as of March 31, 1991, were divided using the formula outlined below and transferred into two funds, the Income Fund and the "Segregated Assets Fund". The amount attributable to the "Segregated Assets Fund" was such amount as obtained by multiplying each Member's interest in the Guaranteed Fund by a fraction, the numerator of which is the amount of funds deposited with Executive Life Insurance Company and remaining unpaid at April 1, 1991 and the denominator of which is the total amount of funds deposited in the Guaranteed Fund at April 1, 1991. The balance of a Member's Accounts at April 1, 1991 invested in the Guaranteed Fund was transferred to the Income Fund.

c. Effective April 30, 1997, all monies due and owing from Executive Life Insurance Company were paid and all amounts previously held in the "Segregated Assets Fund" were moved to the Income Fund.

d. Effective January 1, 1999, all amounts invested in the Income Fund on behalf of a Member who is receiving credit for Years of Participation under Section 1.43 shall be moved to the Balanced Fund.

Section 17.3. Valuation of Transitional Retirement Account.

a. The Trustee shall determine the value of the assets held in the Balanced Fund and the Income Fund as of the close of each accounting year of the Trust and as of the close of each business day during the accounting year of the Trust (each of which dates is referred to herein as a "valuation date"). For purposes of this Section, the close of any accounting year of the Trust shall be deemed to be the last day of such year on which the New York Stock Exchange is open for trading, and the value computed as of the close of business of each day shall be deemed to be the close of business on such day on which the New York Stock Exchange is open for trading. In determining the total value of such assets as of any valuation date, the Trustee shall appraise them at their market value (or, where there is no market value, the fair value) on such date, and shall give effect to all income, profits or losses and increases or decreases in the value of each separate fund. All items of income and expense shall be taken into account on an accrual basis. Following the determination of the value of the assets held in each separate fund as of any valuation date, the unit value as of such valuation date shall be determined in accordance with the next paragraph.

b. The determination of the unit value of each separate fund as of any valuation date shall be made by dividing the total value of the assets in each separate fund, as determined by the Trustee in accordance with the preceding paragraph, by the number of units in each separate fund credited to the Accounts of all Participants under the Profit Sharing Plan and the Transitional Retirement Accounts. On any valuation date a uniform change may be made in the value of all outstanding units in any of the separate funds, either by crediting a larger number of smaller units or a smaller number of larger units. In such cases, the separate fund shall be credited with the equivalent number of units.

c. The value of a Member's Transitional Retirement Account on any date shall be the number of units in the Balanced and Income Funds credited to such Account on such date times the unit value as of the valuation date coincident with such date, plus the value of any insurance contracts held for his benefit.

d. Payments of Transitional Retirement Account values from the Plan shall be made as follows, as the context requires:

(1) Payments from the Income Fund and the Balanced Fund shall be made based on the valuation date as of the close of business on the earliest day that payment may be made in accordance with Section 8.2c (New York time), on a day on which the New York Stock Exchange (the "NYSE") is open for business. Otherwise the valuation date shall be as of the close of business on the next day on which the NYSE is open for business.

(2) At such time as the amount due and owing from Executive Life Insurance Company to the Trust shall be paid, if the Member has Accounts established for him under this Plan, any such amount attributable to a Member shall be transferred to the Income Fund for the account of such Member and shall be available for distribution, if otherwise distributable under the terms of this Plan. At such time as the amount due and owing from Executive Life Insurance Company to the Trust shall be paid, if the Member does not have Accounts established for him under this Plan, any such amount attributable to a Member shall be paid to him in cash.

Section 17.4. Insurance Contracts.

a. The Trustee shall continue to hold the life insurance contracts which Members have elected to have continued either on a premium paying or paid-up basis under the provisions of the Salaried Plan in effect prior to January 1, 1964. For purposes of the Plan the term "life insurance contracts" shall mean ordinary life insurance contracts.

b. Each unmarried Member for whom a life insurance contract or contracts are held shall have the right, except to the extent otherwise provided by any qualified domestic relations order to designate and thereafter at any time change the beneficiary or beneficiaries who upon his death shall be entitled to receive benefits under such contract or contracts. In the absence of an effective designation of a beneficiary or beneficiaries, such benefits shall be paid to the Member's estate in a lump sum. Each Member shall also have the right to designate and from time to time change the method of payment to such beneficiary or beneficiaries.

The Spouse of each married Member for whom a life insurance contract or contracts are held shall, except to the extent otherwise provided by any qualified domestic relations order, be the beneficiary under such contract or contracts unless such Spouse consents to the selection of another beneficiary. In addition, a married Member may change his designation of beneficiary from time to time only with the consent of the Participant's Spouse.

c. Dividends on contracts shall be applied in payment of premiums in the year in which such dividends are paid or credited. However, in the case of paid-up contracts, or where dividends exceed premiums, dividends shall be, in the discretion of the Plan Administrator, either credited to the Transitional Retirement Account of the Member on whose life the contract is issued or allowed to accumulate at interest with the issuing company. Post mortem dividends shall be paid to the person or persons entitled to the death benefits under the contract on which such dividends are paid.

d. The Trustee shall pay to the insurance company the amount of any premium due on a contract or contracts held by the Trustee, provided, however, that only an amount equal to the credit balance in the Transitional Retirement Account of a Member (excluding the cash surrender value of the contracts) shall be used to pay premiums under the contracts on his life.

The Trustee shall pay any premium for insurance on the life of a Member from the accumulated funds credited to his Transitional Retirement Account (excluding the cash surrender value of the contracts), and a number of units equal to the amount so paid shall be debited to his Transitional Retirement Account and canceled.

e. Notwithstanding any other provision of this Plan, at no time shall any amounts be invested in or used to pay premiums on any life insurance contract for any Member if the total amount invested in life insurance coverage for him under this Plan will equal or exceed fifty percent of the allocations to his Transitional Retirement Account (including forfeitures) from his years of participation under the Salaried Plan. If at any time the payment of a premium on any life insurance contract or contracts held for the

benefit of a Member would violate the provisions of the preceding sentence, or if a credit balance of the Transitional Retirement Account of a Member is no longer sufficient to pay a premium due on any life insurance contract, the Plan Administrator shall direct the Trustee to convert all or any part of any such contracts to paid-up life insurance contracts.

f. No insurance company shall be required to take cognizance of the provisions of this Plan or of the Agreement of Trust entered into to fund the benefits hereunder or to question the authority of the Trustee to do any act with respect to any policy or contract hereunder. The responsibility of the insurance company is limited to the terms of any contract or contracts it may issue. Any insurance company may conclusively assume that the Trustee, including any successor or successors in trust, has full power and authority to take any action which it has taken or proposes to take with respect to any policy or contract hereunder and has permission to receive and receipt for any money coming due and payable to said Trustee under any of said policies or contracts.

g. The issuing company shall not be obliged to recognize or deal with, or to receive or consider requests or instructions from, any person or persons, or corporation other than the Trustee.

Any issuing company shall be fully discharged from all liability for any amount paid by it to the Trustee or paid in accordance with the direction of the Trustee, and no such issuing company shall be obliged to see to the distribution or application of any monies so paid by it.

Section 17.5. Vesting of Transitional Retirement Account. A Member's Transitional Retirement Account established under Section 17.1(b) shall at all times be fully vested and nonforfeitable. A Member's nonforfeitable interest in his Transitional Retirement Account established under Section 17.1a shall be determined in accordance with the terms of the Salaried Plan in effect as of December 31, 1989.

ARTICLE 18

Cash Balance Retirement Accounts

Section 18.1. Establishment of Cash Balance Retirement Accounts. An account to be known as the "Cash Balance Retirement Account" shall be established for each Member. The Cash Balance Retirement Account of each Member who was a participant in the Salaried Plan as of December 31, 1989 and who was credited a Retirement Account balance as of such date, and as of January 1, 1993 each Member who was a participant in the XES Plan as of December 31, 1992 who was credited with a balance in his "Participant's Account" under the XES Plan as of such date, shall be credited with an opening balance equal to the initial balance in the Member's Transitional Retirement Account as provided in Section 17.1. In the event a Member previously participated in the UNITE Plan, the Member's Cash Balance Retirement Account under this Plan shall include assets transferred from the Member's Cash Balance Retirement Account maintained under the UNITE Plan, if any. The Member's Cash Balance Retirement Account under this Plan shall be increased by the corresponding balance in the UNITE Plan as of the date the assets are transferred from the UNITE Plan.

Section 18.2. Employer Credits. As of December 31 of each calendar year that a Member is an Employee, the Employer shall credit such Member's Cash Balance Retirement Account with an amount equal to five percent of such Members' Compensation, actually paid, as defined in Section 1.5 hereof on an annualized basis for such calendar year, except as provided in Section 1.5 with respect to a Member on Disability who shall be deemed to be receiving Compensation during Disability at the same rate in effect prior to commencement of such Disability; or with respect to a Member on military leave, who shall be deemed to be receiving Compensation during such leave but only to the extent required by federal law. Such credit shall occur on or about February 28 of the calendar year following such December 31. In the event that an Employee's employment terminates prior to December 31 of a year, the Member shall be entitled to an Employer credit pursuant to the provisions of Section 18.4.

Section 18.3. Rate of Interest. Beginning January 1, 1990, the balance credited to each Member's Cash Balance Retirement Account shall be credited with an annual rate of interest equal to the average of the effective yields for one-year Treasury bills as of the first business day of each of the twelve months of the preceding calendar year, as published by the Federal Reserve Board, plus one percent

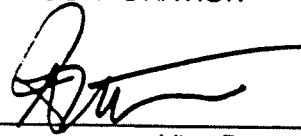
(the "Interest Rate"). In the event the rate as so calculated shall decline more than two percentage points from the Interest Rate of the preceding year, the new interest rate shall be equal to the prior year's Interest Rate, minus two percentage points.

Section 18.4. Valuation. Valuation of each Member's Cash Balance Retirement Account shall be made based on the balance as of the date of the Employer credit pursuant to Section 18.2 immediately preceding retirement, termination of employment or death, as the case may be, plus interest at the then effective Interest Rate calculated up through the last day of employment prior to retirement, termination of employment or death, as the case may be. Such Members shall also have added to the value of the Cash Balance Retirement Account calculated pursuant to the preceding sentence an Employer credit equal to five percent of such Member's compensation from the beginning of such year through the last day of employment.

Approved this 5th day of September, 1997.

XEROX CORPORATION

By



Vice President

ATTEST:


Assistant Secretary

**AMENDMENT NO. 1
TO
1998 RESTATEMENT
XEROX CORPORATION RETIREMENT INCOME GUARANTEE PLAN**

WITNESSETH:

WHEREAS, Xerox Corporation (the "Company") has established the Xerox Corporation Retirement Income Guarantee Plan, which is presently set forth in the 1998 Restatement, Xerox Corporation Retirement Income Guarantee Plan (hereinafter referred to as the "Plan"), and

WHEREAS, the Company desires to amend the Plan,

WHEREAS, the Board of Directors of the Company has approved the form of this Amendment No. 1 to the Plan to provide for a retirement incentive for certain eligible employees,

NOW, THEREFORE, the Plan is hereby amended as follows:

1. A new Article 17 is added to the Plan to read in its entirety as follows:

"ARTICLE 17

Retirement Benefit Under the RIGP Plus Program

Section 17.1. Retirement Benefits from February 2, 1998 to February 1, 1999. Each Eligible Member (as defined in this Article 17) who terminates employment or retires between February 2, 1998 and February 1, 1999 shall be eligible to receive the "RIGP Plus Benefit" as defined herein in addition to any benefit otherwise payable under Section 4.2. Eligible Members who terminate or retire on or after April 15, 1998, must elect to participate in this RIGP Plus Benefit Program on or before May 29, 1998 in the form and manner prescribed by the Plan Administrator. Eligible Members who terminated or retired between February 2, 1998 and April 15, 1998 shall be entitled to receive the RIGP Plus Benefit and are not required to make an election.

Section 17.2. Eligible Member shall be an Active Member of the Plan as of February 2, 1998 who is not covered by a collective bargaining agreement and who meets all of the following criteria and does not fall within the category of "Excluded Employees" in Section 17.3:

- (i) reaches age forty-five as of May 31, 1998 (calculated in years and months);
- (ii) has a combined age and Years of Service as of May 31, 1998 that equals or exceeds a total of seventy (calculated in years and months);
- (iii) has executed a release and covenant not to compete as a condition of eligibility for the RIGP Plus Benefit as required by the Company; and
- (iv) is not participating in any other voluntary reduction in force/manpower action (including layoff) which has been undertaken by the Employer.

Section 17.3. Excluded Employees. For the purposes of this Article 17, the following categories of Employees shall not be eligible for the RIGP Plus Benefit (even though they otherwise meet the criteria outlined above in Section 17.2) unless such Employees are Active Members and are receiving benefits under the Company's Long-Term Disability Income Plan as of the date hereof:

- (i) Employees classified by the Company on the Company's books and records under the RIGP Plus Eligible Exclude Code Y, Organization Code B (with the exception of employees of Xerox International Partners and Code BP1 employees), Organization Code W and Status Code N6.
- (ii) Officers of the Company;

(iii) Employees of the following subsidiary companies of the Employer:

- (a) Xerox New Enterprises Companies;
- (b) Xerox Financial Services, Inc. and subsidiaries;
- (c) Xerox ColorgrafX Systems, Inc.

(iv) Employees who terminated or retired on or after February 2, 1998, who at the time they terminated or retired, were Employees within any of the groups of Employees excluded in (i)-(iii) above.

Section 17.4. RIGP Plus Benefit. For the purposes of this Article 17, the RIGP Plus Benefit shall be equal to five percent of an Eligible Member's Annual Pay (as defined herein) multiplied by the number of the Eligible Member's Years of Service as of May 31, 1998 up to a maximum of twenty Years of Service.

For Eligible Members who terminate or retire on or after April 15, 1998, Annual Pay shall be determined as of March 31, 1998. For Eligible Members who terminated or retired prior to April 15, 1998, Annual Pay shall be determined as of the Eligible Member's last day of employment.

For the purposes of this Article 17 and subject to applicable Code limits, "Annual Pay" shall be the annualized gross wages, coded as SR, appearing on the Eligible Member's weekly or monthly pay stub issued by the Employer; except that in the case of Employees who participate in the Employer's bonus program, the Eligible Member's Annual Pay shall be adjusted to reflect any bonus buy-in amount.

Section 17.5. Forms of Benefit Payment. As to Eligible Member's retiring or terminating on or after April 15, 1998, the RIGP Plus Benefit shall be paid at the same time and in the same form as the benefit calculated pursuant to Section 4.2 as elected by the Eligible Member.

As to Eligible Members who terminated or retired on after February 2, 1998 but before April 15, 1998, payment shall be made as soon as administratively practicable, at the time and in the form elected by the Eligible Member on forms provided by the Plan Administrator, subject to all applicable provisions of the Plan.

Interest shall accrue on the RIGP Plus Benefit from the later of May 1, 1998 or the Eligible Member's date of termination or retirement at the CBRA interest rate specified in Section 18.3 (Rate of Interest).

2. Articles 17 and 18 and all sections contained therein will be renumbered Articles 18 and 19, respectively.

This amendment is effective as of the date hereof. In all other respects, the Plan shall remain unchanged.

IN WITNESS WHEREOF, the Company has caused this Amendment to be signed as of the 14th day of April, 1998.

XEROX CORPORATION

By: _____


Vice President

Attest:

By: _____


Assistant Secretary

**AMENDMENT NO. 2
TO
1998 RESTATEMENT
XEROX CORPORATION RETIREMENT INCOME GUARANTEE PLAN**

WITNESSETH:

WHEREAS, Xerox Corporation (the "Company") has established the Xerox Corporation Retirement Income Guarantee Plan, which is presently set forth in the 1998 Restatement, Xerox Corporation Retirement Income Guarantee Plan, as amended by Amendment No. 1 (hereinafter referred to as the "Plan"), and

WHEREAS, the Company desires to amend the Plan solely for purposes of clarification,

NOW, THEREFORE, the Plan is hereby amended as follows:

1. The introduction to Section 1.5(a) is amended to read in its entirety as follows:

"a. with respect to Members paid through the Company's Rochester payroll system, the total of amounts actually paid (exclusive of deferred compensation amounts) during such calendar year and classified under the following payroll earnings codes established by the Company:"

2. Section 8.02(c) is amended, effective January 1, 1998, to read in its entirety as follows:

"c. Payment of benefits under this Plan, regardless of the form of benefit payment method chosen, may not be made until administratively feasible following the later to occur of: (i) the date on which completed distribution election forms and all accompanying documentation, as required by the Plan Administrator (for purposes of this Section hereinafter referred to as "Completed Forms"), are received by the agent of the Plan Administrator responsible for processing benefit payments under the Plan (for purposes of this Section hereinafter referred to as the "Agent"); (ii) the first day of the month next following the month in which the Member terminates employment; (iii) thirty days (or as early as eight days if the Member waives the thirty-day election period) from the date that the required joint and survivor notice is provided to the Member by the Agent as provided in Section 8..9; or (iv) the payment date requested by the Member in the Completed Forms."

3. Section 10.7 is amended to read in its entirety as follows:

Section 10.7. Claims Procedures.

a. A Participant or Beneficiary, as those terms are defined under ERISA and regulations promulgated thereunder, must file with the Plan Administrator a written claim for benefits under the Plan. The Plan Administrator shall, within a reasonable time not to exceed ninety days, unless special circumstances require an extension of time of not more than an additional ninety days (in which event a Participant or Beneficiary shall be notified of the delay during the first ninety-day period), provide adequate notice in writing to any Participant or Beneficiary whose claim for benefits shall have been denied, setting forth the following matters in a manner calculated to be understood by the Participant or Beneficiary:

- (i) the specific reason or reasons for the denial;
- (ii) specific reference to the provision or provisions of the Plan on which the denial is based;
- (iii) a description of any additional material or information required to perfect the claim, and an explanation of why such material or information is necessary; and
- (iv) information as to the steps to be taken in order that the denial of the claim may be reviewed.

b. If written notice of the denial of a claim has not been furnished to a Participant or Beneficiary, and such claim has not been granted within the time prescribed in Subsection (a) hereof (including any applicable extension), the claim for benefits shall be deemed denied.

c. A Participant or Beneficiary whose claim for benefits shall have been denied in whole or in part, must, within sixty days from either the receipt of the denial of the claim or from the time the claim is deemed denied (unless the notice of denial grants a longer period within which to respond), appeal such denial to the Plan Administrator. The Participant or Beneficiary may, upon request, at this time review documents pertinent to his claim and may submit written issues and comments. Failure to file such appeal within the applicable time period shall be a bar to all future proceedings with respect to the claim.

d. The Plan Administrator shall notify a Participant or Beneficiary of its decision within sixty days after an appeal is received, unless special circumstances require an extension of time of not more than an additional sixty days (in which event a Participant or Beneficiary will be notified of the delay during the first sixty-day period). Such decision shall be given in writing in a manner calculated to be understood by the Participant or Beneficiary and shall include (i) specific reasons for the decision and (ii) specific reference to the provision or provisions of the Plan on which the decision is based."

This amendment is effective as of the date hereof unless otherwise indicated. In all other respects, the Plan shall remain unchanged.

IN WITNESS WHEREOF, the Company has caused this Amendment to be signed as of the 15th day of September, 1998.

XEROX CORPORATION

By: _____


Vice President

Attest:

By: _____


Assistant Secretary

**AMENDMENT NO. 3
TO
1998 RESTATEMENT
XEROX CORPORATION RETIREMENT INCOME GUARANTEE PLAN**

WITNESSETH:

WHEREAS, Xerox Corporation (the "Company") has established the Xerox Corporation Retirement Income Guarantee Plan, which is presently set forth in the 1998 Restatement, Xerox Corporation Retirement Income Guarantee Plan, as amended by Amendment Nos. 1 and 2 (hereinafter referred to as the "Plan"), and

WHEREAS, the Company desires to amend the Plan solely for purposes of clarification,

NOW, THEREFORE, the Plan is hereby amended as follows:

1. Section 1.5(a) is amended to read in its entirety as follows:

"a. with respect to Members paid through the Company's Rochester payroll system, the total of amounts actually paid (exclusive of deferred compensation amounts) during such calendar year and classified under the following payroll earnings codes established by the Company:

AJ	EW	PN	TS
B1	GT	QE	VA
BN	HD	QL	VR"
C1	HL	QS	
CI	MD	QY	
CL	OC	SF	
CN	OJ	SJ	
CO	OT	SR	
CS	PI	TD	

2. Section 1.7 is amended to read in its entirety as follows:

"Section 1.7. Board or Board of Directors. The Board of Directors of Xerox Corporation or any committee of the Board to which the Board delegates responsibilities under this Plan."

3. The introductory paragraph of Section 1.14 is amended to read in its entirety as follows:

"Section 1.14. Employee. Each person (including persons on salary continuance, whether due to a reduction in force or otherwise) employed as an employee by, and on the payroll of, the Employer which shall adopt the Plan with the approval of the Company except the following:"

4. Section 10.8 is amended to read in its entirety as follows:

"Section 10.8. Authority of the Board of Directors. The Board shall be a named fiduciary of the Plan and shall have the authority to control and manage the assets of the Plan. The Board shall also have the authority to appoint another named fiduciary or fiduciaries or an investment manager or managers (as defined in Section 3(38) of ERISA or otherwise as provided in the Trust Agreement To Fund Retirement Plans, as amended from time to time) to manage (including the power to acquire and dispose of) all or any part of the assets of the Plan. The Board, or a delegee of the Board, shall establish a funding policy and method and shall review at least annually such funding policy and method. All actions taken with respect to such funding policy and method and the reasons therefor shall be reflected in the written records of the Company. The Board shall have the authority and responsibility to select the Trustee and to periodically review the performance of the Trustee."

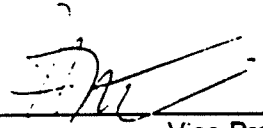
5. The last sentence of the first paragraph of Section 12.1 shall be amended to read in its entirety as follows:

"Amendments relating to termination of the Plan or relating to benefit levels under Section 4.2 of the Plan shall be effected pursuant to a resolution duly adopted by the Board of Directors in accordance with the Business Corporation Law of the State of New York."

This amendment is effective as of the date hereof unless otherwise indicated. In all other respects, the Plan shall remain unchanged.

IN WITNESS WHEREOF, the Company has caused this Amendment to be signed as of the 21st day of December, 1998.

XEROX CORPORATION

By:  _____
Vice President

Attest:

By:  _____
Assistant Secretary

**AMENDMENT NO. 4
TO
1998 RESTATEMENT
XEROX CORPORATION RETIREMENT INCOME GUARANTEE PLAN**

WITNESSETH:

WHEREAS, Xerox Corporation (the "Company") has established the Xerox Corporation Retirement Income Guarantee Plan, which is presently set forth in the 1998 Restatement. Xerox Corporation Retirement Income Guarantee Plan, as amended by Amendment Nos. 1, 2 and 3 (hereinafter referred to as the "Plan"), and

WHEREAS, the Company desires to amend the Plan solely for purposes of clarification,

NOW, THEREFORE, the Plan is hereby amended as follows:

1. Effective January 1, 1999, Section 1.5(a) is amended to read in its entirety as follows:

"a. with respect to Members paid through the Company's Rochester payroll system, the total of amounts actually paid (exclusive of deferred compensation amounts) during such calendar year and classified under the following payroll earnings codes established by the Company:

AJ	CS	OT	SR
B1	EW	PI	TD
BN	GT	PN	TS
C1	HD	QE	VA
CI	HL	QL	VR"
CL	MD	QY	
CN	OC	SF	
CO	OJ	SJ	

2. Effective March 1, 1999, Section 10.1 is amended to read in its entirety as follows:

"Section 10.1. Appointment of the Administrator. The administration of the Plan, as provided herein, including the payment of all benefits to Members or their beneficiaries, shall be vested in and shall be the responsibility of the Plan Administrator, who is the administrator and named fiduciary of the Plan, who shall be appointed by the chief executive officer of the Company (or an officer designated by the chief executive officer), and who shall serve until the appointment of a successor Plan Administrator by amendment to this Section. Until so amended, the Plan Administrator is Sally L. Conkright."

In all other respects, the Plan shall remain unchanged.

IN WITNESS WHEREOF, the Company has caused this Amendment to be signed as of the 26th day of February, 1999.

XEROX CORPORATION

By: 
Vice President

Attest:

By: 
Assistant Secretary

**AMENDMENT NO. 5
TO
1998 RESTATEMENT
XEROX CORPORATION RETIREMENT INCOME GUARANTEE PLAN**

WITNESSETH:

WHEREAS, Xerox Corporation (the "Company") has established the Xerox Corporation Retirement Income Guarantee Plan, which is presently set forth in the 1998 Restatement, Xerox Corporation Retirement Income Guarantee Plan, as amended by Amendment Nos. 1, 2, 3 and 4 (hereinafter referred to as the "Plan"), and

WHEREAS, the Company desires to amend the Plan,

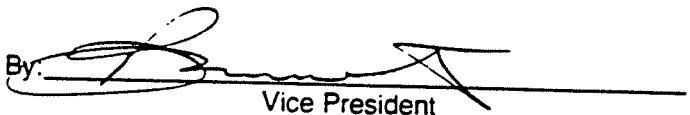
NOW, THEREFORE, Article 11 of the Plan the Plan is hereby amended to add a new Section 11.20 to read in its entirety as follows:

"Section 11.20. Certain Employees Transferred to ScanSoft. Anything to the contrary notwithstanding, a Member who was transferred to ScanSoft and is employed at the time of the merger of ScanSoft into Visioneer, effective March 2, 1999, shall be automatically credited with five Years of Service under Section 1.44 for the sole purpose of vesting."

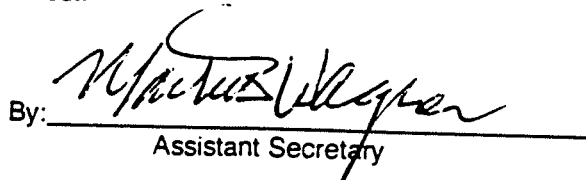
In all other respects, the Plan shall remain unchanged.

IN WITNESS WHEREOF, the Company has caused this Amendment to be signed as of the 31st day of March 1999.

XEROX CORPORATION

By: 
Vice President

Attest:

By: 
Assistant Secretary