

CORPORATE OFFICE PROPERTIES TRUST
Form DEF 14A
April 06, 2007
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x

Filed by a Party other than the Registrant o

Check the appropriate box:

- o Preliminary Proxy Statement
- o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to §240.14a-12

Corporate Office Properties Trust

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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 - (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:

6711 Columbia Gateway Drive, Suite 300

Columbia, Maryland 21046-2104
Telephone 443-285-5400

Facsimile 443-285-7650

www.copt.com

NYSE: OFC

To: Our Shareholders

From: Randall M. Griffin

Subject: Invitation to the Corporate Office Properties Trust 2007 Annual Meeting of
Shareholders

You are cordially invited to attend our 2007 Annual Meeting of Shareholders to be held at 9:30 a.m. on May 17, 2007 at the corporate headquarters of Corporate Office Properties Trust at 6711 Columbia Gateway Drive, Suite 300, Columbia, Maryland 21046. At this year's meeting, you will be asked to elect four members of our Board of Trustees. You will also be asked to vote on a proposal to extend the term of our Amended and Restated 1998 Long-Term Incentive Plan for a period of ten years.

In addition to the formal business to be transacted, we will make a presentation regarding our accomplishments in 2006 and other recent developments. You will also have the opportunity at this meeting to ask questions and make comments. Enclosed with this proxy statement are your proxy card and the 2006 Annual Report.

I look forward to seeing you at the Annual Meeting.

/s/ Randall M. Griffin
Randall M. Griffin
President and Chief Executive Officer

6711 Columbia Gateway Drive, Suite 300

Columbia, Maryland 21046-2104
Telephone 443-285-5400

Facsimile 443-285-7650

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NYSE: OFC

April 6, 2007

Notice of Annual Meeting of Shareholders

Date: Thursday, May 17, 2007

Time: 9:30 a.m.

Place: Corporate Office Properties Trust

6711 Columbia Gateway Drive

Suite 300

Columbia, Maryland 21046

We will hold our Annual Meeting of Shareholders on May 17, 2007 at 9:30 a.m. at the corporate headquarters of Corporate Office Properties Trust. During the Annual Meeting, we will consider and take action on the following proposals:

1. To elect four Class III Trustees each for a term of three years;
2. To extend the term of our Amended and Restated 1998 Long-Term Incentive Plan for a period of ten (10) years; and
3. To transact any other business properly brought before the Annual Meeting.

You may vote at the meeting if you were a shareholder of record at the close of business on March 15, 2007.

By order of the Board of Trustees,

/s/ Karen M. Singer

Karen M. Singer

Senior Vice President, General Counsel and Secretary

PROXY STATEMENT

This proxy statement and the accompanying proxy card are being mailed, beginning on or about April 6, 2007, to owners of common shares of beneficial interest (common shares) of Corporate Office Properties Trust (the Company) in connection with the solicitation of proxies by the Board of Trustees for our 2007 Annual Meeting of Shareholders. This proxy procedure is being used to permit all holders of the common shares of Corporate Office Properties Trust to vote since many may be unable to attend the Annual Meeting in person. The Board of Trustees encourages you to read this document thoroughly and to take this opportunity to vote on the matters to be decided at the Annual Meeting. Corporate Office Properties Trust 's current mailing address is 6711 Columbia Gateway Drive, Suite 300, Columbia, Maryland 21046. Corporate Office Properties Trust 's Internet address is www.copt.com. The information on our Internet site is not part of this proxy statement.

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General Information

The questions and answers set forth below provide general information regarding this proxy statement and our Annual Meeting of Shareholders.

When are our Annual Report to shareholders and this proxy statement first being sent to shareholders?

Our Annual Report to shareholders and this proxy statement are first being sent to shareholders beginning on or about April 6, 2007.

What will shareholders be voting on at the Annual Meeting?

1. The election of four Class III Trustees, each for a three-year term.
2. The approval of an extension of the term of our Amended and Restated 1998 Long-Term Incentive Plan for a period of ten (10) years.
3. Any other business that properly comes before the meeting for a vote.

Who is entitled to vote at the Annual Meeting and how many votes do they have?

Common shareholders of record at the close of business on March 15, 2007 may vote at the Annual Meeting. Each share has one vote. There were 46,743,001 common shares outstanding on March 15, 2007.

How do I vote?

You must be present, or represented by proxy, at the Annual Meeting in order to vote your shares. Since many of our shareholders are unable to attend the Annual Meeting in person, we send proxy cards to all of our shareholders to enable them to vote.

What is a proxy?

A proxy is a person you appoint to vote on your behalf. If you vote by telephone, Internet or mail using the enclosed proxy card, your shares will be voted by the proxies identified on the proxy card.

How do I vote using my proxy card?

You can vote using the proxy card in one of three ways:

1. *By telephone.* To vote by telephone, call the toll free number listed on your proxy card. You will need to follow the instructions on your proxy card and the prompts from the telephone voting system.
2. *By Internet.* To vote using the Internet, go to the website listed on your proxy card. You will need to follow the instructions on your proxy card and the website.
3. *By mail.* To vote by mail, simply mark, sign and date the enclosed proxy card and return it in the postage-paid envelope provided.

If you vote by telephone or by Internet, you should not return your proxy card.

If you hold your shares through a broker, bank or other nominee, you will receive separate instructions from the nominee describing how to vote your shares.

If I vote using my proxy card, who am I designating as my proxy?

You will be designating Randall M. Griffin, our President and Chief Executive Officer, and Roger A. Waesche, Jr., our Executive Vice President and Chief Operating Officer, as your proxies. They may act on your behalf together or individually and will have the authority to appoint a substitute to act as proxy.

How will my proxy vote my shares?

Your proxy will vote according to the instructions on your proxy card. **If you complete and return your proxy card but do not indicate your vote on business matters, your proxy will vote as follows:**

- **FOR each of the nominees for Trustee listed in Proposal 1; and**
- **FOR the extension of the term of our Amended and Restated 1998 Long-Term Incentive Plan for a period of ten years, as set forth in Proposal 2.**

We do not intend to bring any other matter for a vote at the Annual Meeting, and we do not know of anyone else who intends to do so. However, your proxies are authorized to vote on your behalf, in their discretion, on any other business that properly comes before the Annual Meeting.

How do I revoke my proxy?

You may revoke your proxy at any time before your shares are voted at the Annual Meeting by:

- Notifying our Senior Vice President, General Counsel and Secretary, Karen M. Singer, in writing at our mailing address set forth on the first page of this proxy statement, that you are revoking your proxy;
- Executing a later dated proxy card; or
- Attending and voting by ballot at the Annual Meeting.

Who will count the votes?

An officer of Corporate Office Properties Trust will act as the inspector of election and will count the votes.

What constitutes a quorum?

As of March 15, 2007, Corporate Office Properties Trust had 46,743,001 common shares outstanding. A majority of the outstanding shares present or represented by proxy constitutes a quorum. If you sign and return your proxy card, your shares will be counted in determining the presence of a quorum, even if you withhold your vote. If a quorum is not present at the Annual Meeting, the shareholders present in person or by proxy may adjourn the meeting to a date not more than 120 days after March 15, 2007 until a quorum is present.

How will my vote be counted?

With respect to Proposal 1, the election of Trustees, votes may be cast in favor of or withheld from one or all nominees. Votes that are withheld will not be included in the vote.

With respect to Proposal 2, the extension of the term of our Amended and Restated 1998 Long-Term Incentive Plan for a period of ten years:

- you may abstain and your abstention will have the same effect as a vote against extension of the plan; and
- we believe that if you hold your shares through a broker in street name and you do not give instructions to your broker to vote your shares with respect to extension of the plan, your broker will not vote your shares with respect to extension of the plan. Assuming that holders of at least a majority of the outstanding common shares cast a vote with respect to the approval of the extension of the term of our Amended and Restated 1998 Long-Term Incentive Plan, your broker's failure to vote your shares in this instance will have no effect on the vote because broker non-votes are not considered present at the meeting. If at least a majority of the common shares are not voted, your broker's failure to vote your shares will have the same effect as a vote against extension of the plan.

What percentage of our common shares do the Trustees and executive officers own?

Our Trustees and executive officers owned 1.8% of our outstanding common shares as of March 15, 2007. Our Trustees and executive officers beneficially owned approximately 16.0% of our common shares as of March 15, 2007 (see the discussion under the heading Share Ownership of our Trustees, Executive Officers and 5% Beneficial Owners for more details).

What vote is required to elect Trustees?

Trustees are elected by a plurality of the votes, which means that the nominees with the most votes are elected.

What vote is required on other matters?

A majority of the votes cast at a meeting of shareholders is required to approve any other matter unless a greater vote is required by law or by the Company's Declaration of Trust. Generally, an abstention on such matters will not be considered a vote cast, and therefore will have no effect on the outcome of the vote on such matters, but will be counted in determining whether there is a quorum at the meeting. Where brokers are prohibited from exercising discretionary authority in voting for beneficial owners who have not provided voting instructions (commonly referred to as broker non-votes), these shares will not be considered votes cast, and therefore will have no effect on the outcome of the vote on such matters, but will be counted in determining whether there is a quorum at the meeting.

Who is soliciting my proxy, how is it being solicited and who pays the cost?

Our Board of Trustees is soliciting your proxy. The solicitation process is being conducted primarily by mail. However, proxies may also be solicited in person, by telephone or facsimile. Wells Fargo Bank, N.A., our transfer agent, will be assisting us for a fee of approximately \$3,000, plus out-of-pocket expenses. We pay the cost of soliciting proxies and also reimburse stockbrokers and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and solicitation material to the owners of common shares.

When are shareholder proposals and Trustee nominations for our 2008 Annual Meeting due?

In accordance with our bylaws, notice relating to nominations for Trustees or proposed business to be considered at the 2008 Annual Meeting must be given no earlier than February 17, 2008 and no later than

March 18, 2008. These requirements do not affect the deadline for submitting shareholder proposals for inclusion in the proxy statement (discussed in the question and answer below), nor do they apply to questions a shareholder may wish to ask at the meeting.

When are shareholder proposals intended to be included in the proxy statement for the 2008 Annual Meeting due?

Shareholders who wish to include proposals in the proxy statement must submit such proposals in accordance with regulations adopted by the Securities and Exchange Commission. Shareholder proposals for the 2008 Annual Meeting must be submitted in writing by December 4, 2007. In addition, shareholders may wish to have a proposal presented at the 2007 Annual Meeting but not to have such proposal included in the proxy statement. Pursuant to our bylaws, notice of any such proposal must be received by us between February 17, 2008 and March 18, 2008. If it is not received during this period, such proposal shall be deemed untimely for purposes of Rule 14a-4(c) under the Exchange Act, and, therefore, the proxies will have the right to exercise discretionary voting authority with respect to such proposal.

Any shareholder proposals must be submitted to Karen M. Singer, Senior Vice President, General Counsel and Secretary, at our mailing address set forth on the front page of this proxy statement. You should submit any proposal by a method that permits you to prove the date of delivery to us.

How can interested parties send communications to the Board of Trustees?

Any interested parties who wish to communicate with the members of our Board of Trustees may communicate with the independent Trustees or the chairperson of any of the committees of the Board of Trustees by e-mail or regular mail. Communications by e-mail should be sent to karen.singer@copt.com. Communications by regular mail should be sent to the attention of the Chairperson, Audit Committee; Chairperson, Compensation Committee; Chairperson, Nominating and Corporate Governance Committee; Chairperson, Investment Committee; or to the independent Trustees as a group to the Independent Trustees. In each case, the communication should be sent care of Karen M. Singer, Senior Vice President, General Counsel and Secretary, at our mailing address set forth on the front page of this proxy statement.

All communications received in accordance with this process will be reviewed by management to determine whether the communication requires immediate action. Management will pass on all communications received, or a summary of such communications, to the appropriate Trustee or Trustees. However, management reserves the right to disregard any communication that it determines is unduly hostile, threatening, illegal, does not reasonably relate to us or our business or is similarly inappropriate, and has the authority to discard or disregard any inappropriate communications or to take other appropriate actions with respect to any such inappropriate communications.

How can interested parties obtain information regarding our Corporate Governance Guidelines?

Our Board of Trustees has adopted Corporate Governance Guidelines to set forth our policies concerning overall governance practices. These Guidelines can be found in the investor relations section of our Internet website in the subsection entitled Corporate Governance. Our Internet website address is www.copt.com. Our Corporate Governance Guidelines are also available in print to any shareholder upon request. To the extent modifications are made to our Corporate Governance Guidelines, such modifications will be reflected on our Internet website.

Proposal 1 Election of Trustees

The terms of our four Class III Trustees expire on May 17, 2007 at the Annual Meeting. Our Board of Trustees, at the recommendation of the Nominating and Corporate Governance Committee of the Board of Trustees, has nominated these Trustees, Jay H. Shidler, Clay W. Hamlin, III, Douglas M. Firstenberg and Kenneth S. Sweet, Jr. for re-election as Class III Trustees at the Annual Meeting. All of these nominees have agreed to serve a three-year term, if elected.

Jay H. Shidler, age 60, has been Chairman of our Board of Trustees since October 1997. Mr. Shidler is the founder and Managing Partner of The Shidler Group. A nationally acknowledged expert in real estate, investment and finance, Mr. Shidler has over 35 years of experience in real estate investment and has acquired and managed properties involving several billion dollars in aggregate value. Since 1970, Mr. Shidler has been directly involved in the acquisition and management of over 1,000 properties in 40 states and Canada. Mr. Shidler is a founder and Chairman of the Board of Directors of First Industrial Realty Trust, Inc. From 1998 through 2005, Mr. Shidler served as a director of Primus Guaranty, Ltd. (NYSE: PRS), a Bermuda company of which Mr. Shidler is a founder and whose subsidiary is a AAA-rated financial products company.

Clay W. Hamlin, III, age 62, has been a member of our Board of Trustees since 1997 and was appointed Vice Chairman effective April 1, 2005. He was our Chief Executive Officer from October 1997 until his retirement on April 1, 2005. From May 1989 until joining us, Mr. Hamlin was the Managing Partner of The Shidler Group's Mid-Atlantic region, where he supervised the acquisition, management and leasing of over four million square feet of commercial property. He has been active in the real estate business for over 30 years. Mr. Hamlin is a founding shareholder of First Industrial Realty Trust, Inc. and also serves as a Director/Trustee of TractManager, Inc. and the National Prostate Cancer Coalition.

Douglas M. Firstenberg, age 46, was appointed to our Board of Trustees by the Board on February 28, 2007. Mr. Firstenberg is a founding principal of Stonebridge Associates, Inc., a real estate development and advisory firm created in 1993, where he focuses on strategic planning and development projects with a primary role in major transaction negotiation. He has over 25 years of real estate investment and development experience, including construction and land development of in excess of four million square feet and more than \$1.5 billion in value. Mr. Firstenberg is a member of the Board of Directors of the Montgomery College Foundation, the Duke Club of Washington and the NoMA Business Improvement District.

Kenneth S. Sweet, Jr., age 74, has been a member of our Board of Trustees since October 1997. Mr. Sweet has been Managing Partner and Chairman of Gordon Stuart Associates, a venture capital investment firm, since 1996. Mr. Sweet was Chairman of GSA Management, LLC and Managing Director of GS Capital, LP, a venture capital and real estate partnership that he founded, from 1994 to 2004. In 1971, Mr. Sweet founded K.S. Sweet Associates, which developed and managed over one billion dollars in real estate assets. From 1957 to 1971 he was with The Fidelity Mutual Life Insurance Company, serving as Financial Vice President and Chief Investment Officer from 1965 to 1971. Mr. Sweet served as a Director, Chairman of the Real Estate Committee and a member of the Finance Committee of Main Line Health until 2006. He is also a Trustee/Director of the Bryn Mawr Hospital Foundation, Main Line Realty (a real estate partnership between The Lankenau Foundation and Main Line Health), the Eisenhower Fellowship and the American Revolution Center.

If any of the nominees is unable to stand for election, which we do not presently contemplate, the Board of Trustees may provide for a lesser number of Trustees or designate a substitute. In the latter event, shares represented by proxies will be voted for a substitute nominee.

The Board of Trustees recommends a vote **FOR** each of the nominees listed in Proposal 1.

A description of Proposal 2 begins on page 40 of this proxy statement.

Our Board of Trustees

How is the Board of Trustees classified?

Our Declaration of Trust provides for three classes of Trustees: Class I Trustees, Class II Trustees and Class III Trustees. You will elect successors to our Class III Trustees at the 2007 Annual Meeting of Shareholders. Our shareholders will elect successors to our Class I Trustees in 2008 and to our Class II Trustees in 2009. All Trustees will be elected for three-year terms.

Besides the four nominees for election, who are the other members of our Board of Trustees?

Name	Age	Office	Class
Thomas F. Brady	57	Trustee	II
Robert L. Denton	54	Trustee	I
Randall M. Griffin	62	President and Chief Executive Officer and Trustee	I
Steven D. Kesler	55	Trustee	II
Kenneth D. Wethe	65	Trustee	II

Thomas F. Brady, has been a member of our Board of Trustees since January 2002. Mr. Brady is an Executive Vice President, Corporate Strategy at Constellation Energy Group (CEG) with responsibility for setting corporate strategy, overseeing mergers and acquisitions, managing governmental affairs, corporate communications and branding. He assumed this position in 1999. He is also Chairman of the Board of Directors of Baltimore Gas & Electric and has responsibilities for Constellation NewEnergy and its retail lines of business. Prior to 1999, Mr. Brady held various executive officer positions at Baltimore Gas & Electric Company, including Vice President and Chief Accounting Officer. Mr. Brady also serves as a Trustee/Director of the Maryland Chamber of Commerce, Villa Julie College, and Chairman of the Maryland Public Broadcasting Commission.

Robert L. Denton has been a member of our Board of Trustees since May 1999. Mr. Denton joined The Shidler Group in 1994 and is currently a Managing Partner and the resident principal in its New York office. From 1991 to 1994, Mr. Denton was a Managing Director with Providence Capital, Inc., an investment-banking firm that he co-founded.

Randall M. Griffin has been a member of our Board of Trustees since February 2005. Mr. Griffin has been our President and Chief Operating Officer since September 1998, and on April 1, 2005, he became our President and Chief Executive Officer. Mr. Griffin previously served as President of Constellation Real Estate Group, Inc. and Constellation Real Estate, Inc. from June 1993 until September 1998. From 1990 through March 1993, Mr. Griffin worked as Vice President-Development for EuroDisney Development in Paris, France. From 1976 to 1990, Mr. Griffin worked for Linclay Corporation, a St. Louis based real estate development, management and investment company, most recently as Executive Vice President and Chief Operating Officer. He serves on the Executive Committee of the Board of Governors of The National Aquarium in Baltimore and the National Aquarium Foundation Board, the National Aquarium Society Board in Washington, D.C. and the Center for Aquatic Life and Conservation Board. He also serves on the Board of Trustees of the Greater Washington Initiative, the Boards of Directors of the Maryland Business

Roundtable for Education and BWI Business Partnership, the Board of Governors of National Association of Real Estate Investment Trusts and the Board of Visitors of the University of Maryland, Baltimore County.

Steven D. Kesler has been a member of our Board of Trustees since September 1998. Since 2006, Mr. Kesler has served as Chief Financial Officer for The Macks Group, a family office that is actively engaged in the development of residential land and the construction and operation of commercial properties and residential rental communities. He served as a Managing Director of The Casey Group, a regional consulting firm that helps clients find solutions to operating and financial management issues from 2005 to 2006. Mr. Kesler also served as the Chief Executive Officer and/or President of Constellation Investments, Inc. from 1988 and the Chief Executive Officer and President of Constellation Real Estate, Inc. and Constellation Health Services, Inc. from 1998 until his retirement in 2003; all of these entities were wholly-owned indirect subsidiaries of CEG. In these roles, Mr. Kesler managed a corporate investment entity, CEG's pension plan and nuclear decommissioning trust, a portfolio of real estate assets and a portfolio of assisted living facilities. Mr. Kesler previously served as a Director on the board of Atapco, Inc., a private real estate and investment company.

Kenneth D. Wethe has been a member of our Board of Trustees since January 1990. Since 1988, Mr. Wethe has been the owner and principal officer of Wethe & Associates, a Dallas-based firm providing independent risk management, insurance and employee benefit services to school districts and governmental agencies. Mr. Wethe has over 27 years of experience in the group insurance and employee benefits area. Mr. Wethe is a licensed CPA.

How do we determine whether our Trustees are independent?

We believe that in order for our Board of Trustees to effectively serve in its capacity, it is important, and the New York Stock Exchange mandates, that at least a majority of our Trustees be independent as defined by the applicable rules of the New York Stock Exchange. Therefore, we require that a substantial majority of the Board of Trustees be independent, as so defined. No Trustee will be considered independent unless the Board affirmatively determines that the Trustee has no material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company). The following per se exclusions apply to the determination of Trustee independence: a Trustee will not be deemed independent until three years after the end of any of the following relationships or situations: (i) the Trustee is employed by the Company or a member of his/her immediate family is an executive officer of the Company; (ii) the Trustee or a member of his/her immediate family who is an executive officer of the Company receives, in any year, more than \$100,000 in direct compensation from the Company (other than Trustee and committee fees and pension or other forms of deferred compensation for prior service, provided such compensation is not contingent on continued service); (iii) the Trustee is employed by or affiliated with, or a member of the Trustee's immediate family is employed by or affiliated with, the Company's present or former internal auditors or outside independent registered public accounting firm serving as the Company's auditors; (iv) the Trustee or a member of his/her immediate family is employed as an executive officer of another entity of which any of the Company's then-current executive officers serves on that other entity's compensation committee; or (v) the Trustee is an executive officer or an employee, or a member of his/her immediate family is an executive officer, of another company that makes payments to or receives payments from the Company for property or services in an amount which, in any year, exceeds the greater of \$1 million or 2% of such other company's consolidated gross revenues.

Are our Trustees independent of Corporate Office Properties Trust?

The Board of Trustees has determined that each of our Trustees meet the independence guidelines described above except for Clay W. Hamlin, III, who was our Chief Executive Officer until April 1, 2005

and is serving under a three-year consulting agreement described below, and Randall M. Griffin, our current President and Chief Executive Officer.

What is our policy regarding Trustee attendance at regularly scheduled meetings of the Board of Trustees and annual meetings of shareholders?

The Board of Trustees holds a minimum of four regularly scheduled meetings per year, including the annual meetings of the Board held in conjunction with our annual meetings of shareholders. Trustees are expected to attend all regularly scheduled meetings and to have reviewed, prior to the meetings, all written meeting materials distributed to them in advance. Trustees are expected to be physically present at all regularly scheduled meetings, and a Trustee who is unable to attend a meeting is expected to notify the Chairman of the Board of Trustees in advance of such meeting. If a Trustee attends a regularly scheduled meeting by telephone for the entire meeting, such Trustee shall be deemed to have attended the meeting for the purposes of determining whether a quorum exists and for voting purposes. However, a Trustee may not send a representative with a proxy to vote on his or her behalf if such Trustee is not able to attend a scheduled meeting, either in person or by telephone.

Trustees are expected to be present at our annual meetings of shareholders. All of our Trustees as of May 18, 2006 attended the Annual Meeting of Shareholders that took place on such date except for Mr. Shidler.

What is our policy regarding meetings of non-management Trustees?

The non-management Trustees of the Board meet in executive session at least one time per year without any Management Trustees or any other members of the Company's management present. The chairperson of the Nominating and Corporate Governance Committee presides at the executive sessions. The non-management Trustees may meet in executive session at any time to consider issues that they deem important to address without management present.

How are the Trustees compensated?

- Employee Trustees receive no compensation, other than their normal salary, for serving on the Board of Trustees or its committees.
- Non-employee Trustees receive the following:
- Fees set forth below:

Annual trustee fee	\$ 28,000
Annual committee chairman fee	
Audit	10,000
Compensation	7,000
Investment	8,500
Nominating and Corporate Governance	5,000
Board meeting fee	1,000
Committee meeting fee	1,000

- Reimbursement for out-of-pocket expenses, such as travel and lodging costs incurred in connection with meeting attendance; and
- Annual grants of options to purchase 5,000 common shares with an exercise price equal to the fair market value of the common shares on the date of grant. These options are exercisable beginning one year from the date of grant and expire ten years after the date of grant.

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Effective April 1, 2005, we entered into a three-year consulting agreement with Clay W. Hamlin, III, under which he agreed to provide services commensurate with his experience with respect to matters requested from time to time that may include, but not be limited to, acquisitions and strategic initiatives. Under the terms of the consulting agreement, Mr. Hamlin receives a fee of \$250,000 per year. During the term of the consulting agreement, we have agreed to provide Mr. Hamlin with office facilities and administrative support services expected to cost an aggregate of approximately \$150,000 per year. During the term of the consulting agreement, Mr. Hamlin also receives a health insurance allowance of \$23,520 per year, an auto allowance of \$12,000 per year and an allowance for personal financial planning and income tax preparation totaling up to \$8,500 per year.

The table below sets forth the total amounts of compensation earned by our non-employee Trustees during 2006.

Name of Director	Fees Earned (Paid in Cash) (1)	Option Awards (2)	All Other Compensation (3)	Total
Thomas F. Brady	\$ 45,000	\$ 31,145	\$	\$ 76,145
Robert L. Denton	41,750	31,145		72,895
Clay W. Hamlin, III	42,750	31,145	448,090	521,985
Steven D. Kesler	47,750	31,145		78,895
Jay H. Shidler	54,750	31,145		85,895
Kenneth S. Sweet, Jr.	46,750	31,145		77,895
Kenneth D. Wethe	59,000	31,145		90,145

- (1) This column reports the amount of cash compensation earned in 2006 for Board and committee service.
- (2) Represents expense recognized under Statement of Financial Accounting Standards No. 123(R), Share-Based Payment (SFAS 123(R)) relating to awards of options to purchase common shares (share options), as adjusted to exclude the effect of reductions for estimated forfeitures related to service-based vesting conditions. See Notes 2 and 12 to the Company s consolidated financial statements included in the Company s Annual Report to shareholders for the year ended December 31, 2006 for additional information regarding share options, including assumptions made in determining values for the options. At December 31, 2006, the aggregate number of share option awards outstanding was: Mr. Brady: 25,000 shares; Mr. Denton: 5,000 shares; Mr. Hamlin: 210,000 shares; Mr. Kesler: 40,000 shares; Mr. Shidler: 25,000 shares; Mr. Sweet: 25,000 shares; and Mr. Wethe: 17,500 shares. The grant-date fair value under SFAS 123(R) of share options granted to the non-employee Trustees in 2006 was \$8.24 per share option.
- (3) Reflects compensation paid under the consulting agreement with Mr. Hamlin described above, and consists specifically of the following: \$250,000 for a consulting fee; \$154,070 for office facilities and administrative support; \$23,520 for a health insurance allowance; \$12,000 for an auto allowance; and \$8,500 for an allowance for personal financial planning and income tax preparation.

What are the current committees of our Board of Trustees?

The Board of Trustees currently has four committees: (i) the Audit Committee; (ii) the Nominating and Corporate Governance Committee; (iii) the Investment Committee; and (iv) the Compensation Committee. Descriptions of these committees are set forth below:

- The Audit Committee oversees the following:
 - the integrity of the Company's financial statements and other financial information provided by the Company to its shareholders and the investment community;
 - the Company's compliance with legal and regulatory requirements and ethical behavior;
 - the retention of the Company's independent registered public accounting firm, including oversight of their performance, qualifications and independence, and approval of audit and non-audit services; and
 - the Company's accounting and financial reporting processes, internal control systems and internal audit function.

The Committee also provides an avenue for communication among the Company's independent registered public accounting firm, internal auditors, management and the Board of Trustees. All members are independent non-employee Trustees. The practices of the Audit Committee are outlined in the Committee's charter, which is available in the investor relations section of our Internet website in the subsection entitled Corporate Governance. The Committee's charter is also available in print to any shareholder upon request. To the extent modifications are made to the Committee's charter, such modifications will be reflected on our Internet website.

- The Nominating and Corporate Governance Committee serves the following purposes:
 - recommends to the Board of Trustees the structure and operations of the Board of Trustees;
 - identifies individuals qualified to serve as Trustees and recommends that the Board of Trustees select the Trustee nominees identified by the Committee for election at the next annual meeting of shareholders;
 - recommends to the Board of Trustees the responsibilities of each Board of Trustees committee, the structure and operation of each committee and the Trustee nominees for assignment to each committee;
 - oversees the Board of Trustees' annual evaluation of its performance and the performance of other Board committees; and
 - develops and recommends to the Board of Trustees for adoption a set of Corporate Governance Guidelines applicable to the Company and periodically reviews the same.

All members are independent, non-employee Trustees. The practices of the Nominating and Corporate Governance Committee are outlined in the Committee's charter, which is available in the investor relations section of our Internet website in the subsection entitled Corporate Governance. The Committee's charter is also available in print to any shareholder upon request. To the extent modifications are made to the Committee's charter, such modifications will be reflected on our Internet website.

- The Investment Committee approves all of our real estate investments, acquisitions and dispositions and substantially all of our borrowings. Investments of greater than \$50 million must also be approved by the full Board of Trustees.

- The Compensation Committee administers executive compensation programs, policies and practices. The Committee also recommends senior management compensation to the Board of Trustees and administers our executive incentive plans. All members are independent non-employee Trustees. The practices of the Compensation Committee are outlined in the Committee's charter, which is available in the investor relations section of our Internet website in the subsection entitled Corporate Governance. The Committee's charter is also available in print to any shareholder upon request. To the extent modifications are made to the Committee's charter, such modifications will be reflected on our Internet website.

The committees on which Trustees served and the number of meetings held during 2006 are set forth below.

Board Member	Audit	Nominating and Corporate Governance	Investment	Compensation
Jay H. Shidler		X	X	
Clay W. Hamlin, III			X	
Thomas F. Brady				X
Robert L. Denton	X	X		
Steven D. Kesler	X		X	
Kenneth S. Sweet, Jr.		X	X	X
Kenneth D. Wethe	X		X	
Douglas M. Firstenberg (1)			X	X
Meetings Held in 2006	11	1	9	8

(1) Mr. Firstenberg was appointed to our Board of Trustees by the Board on February 28, 2007.

During 2006, the Board of Trustees held four quarterly meetings and five special meetings. Each incumbent Trustee who served as a Trustee in 2006 attended at least 75% of the aggregate of the meetings of the Board of Trustees and meetings held by all committees on which such Trustee served during the time such Trustee served.

How are our Trustees nominated?

The Nominating and Corporate Governance Committee of the Board of Trustees is responsible for recommending nominations to the Board of Trustees and shareholders. In arriving at nominations, the Nominating and Corporate Governance Committee reviews with the Board of Trustees on an annual basis the size, function, and needs of the Board of Trustees and, in doing so, takes into account the principle that the Board of Trustees as a whole should have competency in the following areas: (1) industry knowledge; (2) accounting and finance; (3) business judgment; (4) management; (5) leadership; (6) public real estate investment trusts and commercial real estate business; (7) business strategy; (8) crisis management; (9) corporate governance; and (10) risk management. The Board of Trustees also seeks members from diverse backgrounds so that the Board of Trustees consists of members with a broad spectrum of experience and expertise and with a reputation for integrity and ethical behavior. Trustees should have experience in positions with a high degree of responsibility, be leaders in the companies or institutions with which they

are affiliated, and be selected based upon contributions that they can make to the Company. In determining whether to recommend a Trustee for re-election, the Nominating and Corporate Governance Committee also considers the Trustee's past attendance at meetings and participation in and contributions to the activities of the Board of Trustees and committees of the Board of Trustees on which he or she served.

The Nominating and Corporate Governance Committee has a policy regarding consideration of shareholder recommendations for Trustee nominees, which is set forth below:

The Committee considers nominees recommended by the Company's common shareholders using the same criteria it employs in identifying its own nominees. Any shareholder wishing to make a recommendation should send the following information to the Chairman of the Nominating and Corporate Governance Committee, care of Karen M. Singer, Senior Vice President, General Counsel and Secretary, at our mailing address set forth on the first page of this proxy statement, no later than the date that is 120 days prior to the one-year anniversary of the date of the mailing of the Company's proxy statement for its most recent annual meeting of shareholders:

- the name of the candidate and the information about the individual that would be required to be included in a proxy statement under the rules of the Securities and Exchange Commission;
- information about the relationship between the candidate and the nominating shareholder;
- the consent of the candidate to serve as a Trustee;
- proof of the number of shares of the Company's common shares that the nominating shareholder owns and the length of time the shares have been owned; and
- a separate statement of the candidate's qualifications relating to the Board of Trustees' membership criteria.

Our Executive Officers

Below is information with respect to our executive officers who are not Trustees.

Roger A. Waesche, Jr., age 53, has been our Executive Vice President since January 2004, after holding the position of Senior Vice President since September 1998. Mr. Waesche became our Chief Operating Officer in August 2006, after serving as our Chief Financial Officer since March 1999. Prior to joining us, Mr. Waesche served as Senior Vice President for Constellation Real Estate, Inc., where he was responsible for all financial operations, including treasury, accounting, budgeting and financial planning. Mr. Waesche also had primary responsibility for Constellation Real Estate, Inc.'s asset investment and disposition activities. Prior to joining Constellation Real Estate, Inc. in 1984, Mr. Waesche was a practicing Certified Public Accountant with Coopers & Lybrand. He serves on the Board of Trustees of Sheppard Pratt Health System and is a Member on the Maryland Industrial Development Financing Authority.

Stephen E. Riffie, age 49, became our Executive Vice President and Chief Financial Officer in August 2006. Prior to that time, Mr. Riffie served CarrAmerica Realty Corporation, a real estate investment trust, as Chief Financial Officer from April 2002 to July 2006 and Senior Vice President, Controller and Treasurer from July 1999 to March 2002. Prior to joining CarrAmerica Realty Corporation, Mr. Riffie held positions with Marriott International, Inc., Burlington National Railroad and KPMG Peat Marwick.

Dwight S. Taylor, age 62, has been President of Corporate Development Services, LLC (CDS) since September 1999, previously serving as Senior Vice President since joining CDS in September 1998. Mr. Taylor also became President of COPT Development & Construction Services, LLC in 2005. Mr. Taylor has more than 25 years of real estate experience, including 14 years with Constellation Real Estate, Inc. and its predecessor company and four years with The Rouse Company. From 1977 to 1981, Mr. Taylor was Senior

Vice President of the Baltimore Economic Development Corporation. He currently serves on the National Board of the National Association of Industrial and Office Properties. He also serves on the Boards of Directors of Micros Systems, Inc. and T. Rowe Price Group, Inc. as well as the Health Advisory Board of the Bloomberg School of Public Health.

Karen M. Singer, age 42, has been our Senior Vice President, General Counsel and Secretary since September 2006, after holding the position of Vice President, General Counsel and Secretary since January 2004. Ms. Singer served as Assistant Secretary and Associate General Counsel of the Company from September 1998 through December 2003. From August 1996 through August 1998, Ms. Singer was Assistant General Counsel of Constellation Real Estate, Inc. From 1989 through January 1996, Ms. Singer was in private practice as an associate at Weinberg and Green, LLC, now a part of Saul Ewing LLP, where she provided a broad spectrum of real estate related services to various clients. Ms. Singer currently serves on the Board of Directors of Art With a Heart.

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**Share Ownership of our Trustees,
Executive Officers and 5% Beneficial Owners**

The following table shows certain information as of March 15, 2007 (unless otherwise noted) regarding the beneficial ownership of our common shares by each Trustee, each nominee for election as Trustee, each executive officer, all Trustees and executive officers as a group and each person known to us to be the beneficial owner of more than five percent of our outstanding common shares. Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and means sole or shared voting or dispositive power with respect to securities. Each party named in the table below has sole voting and dispositive power with respect to the securities listed opposite such party's name, except as otherwise noted.

	Common Shares Beneficially Owned (1)	Percent of All Common Shares Beneficially Owned (2)	Options Exercisable within 60 days of March 15, 2007
ING Groep N.V. (3)	4,787,065	10.2	%
Davis Select Advisers, L.P. (4)	3,018,892	6.5	
FMR Corp. (5)	2,896,500	6.2	
ING Clarion Real Estate Securities, L.P. (6)	2,717,739	5.8	
Security Capital Research & Management Inc. (7)	2,664,603	5.7	
Adelante Capital Management LLC (8)	2,513,846	5.4	
Jay H. Shidler (9)	3,483,580	6.9	
Clay W. Hamlin, III (10)	3,307,435	6.6	5,000
Thomas F. Brady	20,000	*	20,000
Robert L. Denton (11)	400,000	*	
Douglas M. Firstenberg	600	*	
Steven D. Kesler	35,391	*	35,000
Kenneth S. Sweet, Jr.	20,000	*	20,000
Kenneth D. Wethe	16,577	*	7,500
Randall M. Griffin	986,465	2.1	505,300
Roger A. Waesche, Jr.	278,010	*	90,000
Stephen E. Riffée.	33,689	*	
Dwight S. Taylor	132,695	*	50,000
Karen M. Singer	38,363	*	16,500
All Trustees and Executive Officers as a Group (13 persons)	8,752,805	16.0	% 749,300

* Represents less than one percent.

(1) With respect to each shareholder (or group thereof), assumes that all units in our operating partnership, Corporate Office Properties, L.P. (the Operating Partnership), owned by such shareholder(s) listed are exchanged for common shares and assumes we elect to issue common shares rather than pay cash upon exchange of partnership units. Also includes common shares issuable under options exercisable within 60 days after March 15, 2007, as reflected in the third column of this table.

(2) Common shares issuable upon the conversion of units in the Operating Partnership and the exercise of share options exercisable currently or within 60 days after March 15, 2007 are deemed outstanding and to be beneficially owned by the person holding such units or options for purposes of computing such person's percentage ownership, but are not deemed outstanding for the purpose of computing the percentage ownership of any other person.

- (3) ING Groep N.V. (ING) has sole voting and investment power for the common shares it owns. ING is located at Amstelveenseweg 500, 1081 KL Amsterdam, The Netherlands. The information in this note was derived from a Schedule 13G/A filed with the Securities and Exchange Commission by ING on February 14, 2007.
- (4) Davis Select Advisers, L.P. (Davis) has sole voting and investment power with respect to 3,018,892 shares. Davis is located at 2949 East Elvira Road, Tucson, Arizona 85706. The information in this note was derived from a Schedule 13G/A filed with the Securities and Exchange Commission by Davis on January 11, 2007.
- (5) FMR Corp. (FMR) has sole voting power with respect to 168,900 shares and sole investment power with respect to 2,896,500 shares. FMR is located at 82 Devonshire Street, Boston, Massachusetts 02109. The information in this note was derived from a Schedule 13G filed with the Securities and Exchange Commission by FMR on February 14, 2007.
- (6) ING Clarion Real Estate Securities, L.P. (Clarion) has sole voting power with respect to 1,081,039 shares, shared voting power with respect to 4,000 shares and sole investment power with respect to 2,717,739 shares. Clarion is located at 259 North Radnor-Chester Road, Suite 205, Radnor, Pennsylvania 19087. The information in this note was derived from a Schedule 13G filed with the Securities and Exchange Commission by Clarion on February 13, 2007.
- (7) Security Capital Research & Management Incorporated (SCR&M) has sole voting power with respect to 1,944,529 shares and sole investment power with respect to 2,664,603 shares. SCR&M is located at 10 South Dearborn Street, Suite 1400, Chicago, Illinois 60603. The information in this note was derived from a Schedule 13G/A filed with the Securities and Exchange Commission by SCR&M on February 15, 2007.
- (8) Adelante Capital Management LLC (ACM) has sole voting power with respect to 1,253,303 shares, shared voting power with respect to 15,400 shares and sole investment power with respect to 2,513,846 shares. ACM is located at 555 12th Street, Suite 2100, Oakland, California 94607. The information in this note was derived from a Schedule 13G filed with the Securities and Exchange Commission by ACM on February 1, 2007.
- (9) Jay H. Shidler s common shares beneficially owned include 3,448,317 common units in the Operating Partnership exchangeable for common shares. Mr. Shidler s address is Davies Pacific Center, 841 Bishop Street, Suite 1700, Honolulu, Hawaii 96813.
- (10) Clay W. Hamlin, III s common shares beneficially owned include 3,292,435 common units in the Operating Partnership exchangeable for common shares; Mr. Hamlin has sole investment power with respect to 489,917 of these units and shared investment power for the remainder of these units. Mr. Hamlin s address is 40 Morris Avenue, Suite 220, Bryn Mawr, Pennsylvania 19010.
- (11) Robert L. Denton s common shares beneficially owned include 400,000 common units in the Operating Partnership exchangeable for common shares. Mr. Denton s address is 9 West 57th Street, Suite 4275, New York, New York 10019.

Compensation Discussion and Analysis

Overview

This section describes the material elements of compensation for our executive officers identified in the table appearing later in this proxy entitled Summary Compensation Table (the Named Executive Officers). The Board of Trustees approves and administers our executive compensation plans, programs and payments to our executive officers. The Compensation Committee assists the Board of Trustees in fulfilling responsibilities relating to executive compensation.

The Compensation Committee and the Board of Trustees have approved an executive compensation program that is designed to attract, retain and motivate superior executive personnel in the best interests of the Company and its shareholders. This program includes base salary, cash annual incentive awards, long-term incentive awards, benefits and certain perquisites.

Role of the Compensation Committee

The Compensation Committee's primary responsibilities are set forth below:

- to establish and periodically review our compensation philosophy and the adequacy of compensation plans and programs for executives and other employees;
- to establish compensation arrangements and incentive goals for executive officers and to administer compensation plans and programs;
- to review the performance of executive officers and award incentive compensation and adjust compensation arrangements as appropriate based upon performance. The executives included in the committee's review are the (1) President and Chief Executive Officer, (2) Executive Vice President and Chief Operating Officer, (3) Executive Vice President and Chief Financial Officer, (4) Senior Vice President, General Counsel and Secretary and (4) President of Corporate Development Services, LLC and COPT Development & Construction Services, LLC;
- to establish compensation arrangements for Trustees;
- to review and monitor management development and succession plans and activities; and
- to review and discuss the section of this proxy statement entitled Compensation Discussion and Analysis prepared by management and determine whether to recommend it for inclusion in this annual proxy statement.

The Compensation Committee's scope of authority involves all aspects of compensation for the executives and members of the Board of Trustees. It is the general policy of the Company that major compensation decisions be considered by the independent members of the Board of Trustees as a whole after recommendation by the Compensation Committee. The Board of Trustees is responsible for oversight of the Compensation Committee's activities, except where the committee has sole authority to act as required by a New York Stock Exchange listing standard or applicable law. The Compensation Committee has complete and open access to internal advisors and all other resources within the Company and has sole authority, in its discretion, to retain, set compensation for and terminate any consultants, legal counsel or other advisors it engages to assist it in carrying out its duties and responsibilities. The Compensation Committee has budgetary authority for outside advisors it retains.

The Compensation Committee makes use of analyses provided by external consultants in determining executive compensation. The Compensation Committee engaged the Schonbraun McCann Group, LLC (the SM Group) as its external consultant in 2006 to obtain executive compensation information for a REIT peer group. The peer group compensation information provided by SM Group for each executive position included base salary, annual incentive award level and percentage of total compensation in the

form of long-term incentives awards at the 25th, 50th, 75th percentiles and the average. The SM Group acts only as an advisor to the Compensation Committee by providing data relevant to REIT peers and discussing new avenues for compensation. The consultant does not recommend pay programs and pay level changes. The SM Group presents its final work product and invoices related thereto to the Compensation Committee for review and approval. The Compensation Committee considers the SM Group to be independent. The Company's management also engages the SM Group directly as a compensation consultant regarding members of the Company's senior management team other than the Company's executives.

The chairman of the Compensation Committee sets the dates and times of all committee meetings. The Compensation Committee meets at least three times per year. The Compensation Committee also meets annually in executive session during one of the Board's regularly scheduled meetings. The chairman of the Compensation Committee, in consultation with the appropriate members of the committee and management, develops the committee's meeting agendas.

Role of Executive Officers

Mr. Griffin, our President and Chief Executive Officer, meets with the Compensation Committee to discuss the committee's recommendations and to present analyses based on the committee's requests. He discusses the impact of compensation recommendations to the business, reviews peer group data and informs the Committee of the executives' performance. Mr. Griffin provides information to the Compensation Committee on how employees are evaluated and the overall results of the evaluations. He also presents management's perspective on business objectives and discusses succession planning for the Company. Mr. Griffin attends Compensation Committee meetings and general meetings of the Board of Trustees, but does not attend executive sessions of either the committee or the Board of Trustees. He also does not participate in any deliberations of the Compensation Committee or the Board of Trustees relating to his own compensation.

Mr. Riffée, our Chief Financial Officer, evaluates the financial implications of any Compensation Committee action.

Ms. Peg Ohrt, our Senior Vice President-Human Resources, who reports directly to Mr. Griffin, takes direction from and brings suggestions to the Compensation Committee. She oversees the actual formulation of plans incorporating the suggestions of the Compensation Committee. She also assists the Chairman of the Compensation Committee in preparing the agenda for its meetings.

Compensation Objectives

Our compensation philosophy is to promote the achievement of the Company's annual and long-term performance objectives as set forth by the Board of Trustees, ensure that the executives' interests are aligned with the success of the Company and provide compensation opportunities that will attract, retain and motivate superior executive personnel. This philosophy holds that the compensation of each executive should be influenced significantly by the executive's individual performance, measured by financial, non-financial and market performance criteria, as well as be commensurate with the compensation levels of an appropriate peer group of companies. Through the use of cash annual incentive awards and long-term incentive awards granted in the form of equity, executives have the opportunity to receive total compensation at the 75th to 100th percentile of the peer group companies in recognition of the executive's individual performance and the role played in the Company's performance. In summary, the key objectives include the following:

- establish a plan that attracts, retains and motivates executives through compensation that is competitive with compensation for executive officers providing comparable services to comparable companies (competitive compensation objective);
- link a portion of executive s compensation with the achievement of the Company s business plan by using measurements of the Company s operating results and shareholder return (performance incentives objective); and
- build a pay-for-performance system that encourages and rewards successful initiatives within a team environment (leadership incentives objective).

The executive compensation plan has been structured to provide short- and long-term incentives for executive performance that we believe promote continuing improvements in the Company s financial results and return to shareholders. Each element of the compensation relationship is focused on the long-term success of the Company and the executive s sharing in that success. The base salary paid to an executive is the day-to-day ongoing motivation. The annual incentive award and long-term incentive award available to an executive both focus on the annual and future success of the Company, and are determined with base salary in mind. These components collectively comprise an executive s total remuneration (defined as the sum of base salary, annual incentive awards and long-term incentive awards).

Benchmarking

The Compensation Committee obtains executive compensation information for other REITs from an external consultant for benchmarking purposes. The Company s objective in benchmarking is to provide compensation that is competitive with compensation for executives providing comparable services. Facets of this information pertaining to each executive position that are of particular interest to the Compensation Committee include the following: (1) compensation levels, both in total and by element of compensation; (2) percentage of total compensation derived from compensation categories (base salary, annual incentive award, equity grant and other miscellaneous perquisites); and (3) value of Company equity owned (common shares, common share equivalents and common share options). This compensation data is considered in computing an executive s total remuneration, which is the focal point for the Committee ensuring that the executives are paid commensurate with the peer group executives of like positions.

For 2006, a peer group of 16 companies was selected from a blend of office, diversified and industrial REITS in the \$567.5 million to \$12.3 billion equity market cap range. The Compensation Committee, with the assistance of the SM Group, selected the 16 peer group companies from the larger group based on total market capitalization, equity market capitalization and level of performance relative to the Company. In completing this selection process, the Compensation Committee decided to include among the 16 peer group companies more companies that are larger rather than smaller than the Company in terms of total market capitalization and equity market capitalization, due in large part to the growth that the Company has experienced and expects to continue. The companies included in the peer group for purposes of 2006 compensation are set forth below:

Alexandria Real Estate Equities, Inc.
AMB Property Corporation
American Financial Realty Trust
Boston Properties, Inc.
Brandywine Realty Trust
Colonial Properties Trust
Crescent Real Estate Equities Company
Duke Realty Corporation

Highwoods Properties, Inc.
Kilroy Realty Corporation
Lexington Corporate Properties Trust
Liberty Property Trust
Mack-Cali Realty Corporation
Maguire Properties, Inc.
SL Green Realty Corp.
Spirit Finance Corporation

After selecting the peer group, the SM Group reviewed each executive's position description and interviewed each executive in order to understand the executive's goals/objectives and responsibilities. Base salary and annual incentive award were compared to the previous year's cash compensation for like positions in the peer group at the 25th, 50th and 75th percentiles and the average. Long-term incentive awards were compared to the previous three years for like positions within the peer group at the 25th, 50th and 75th percentiles and the average. The SM Group provided this data to the Compensation Committee.

As described below, each executive officer was evaluated by the Compensation Committee for individual performance and contribution to the success of the Company and, where applicable, his or her business unit, taking into account the views of other members of the Board of Trustees and, in the case of executives other than the Chief Executive Officer, Mr. Griffin. The Compensation Committee then compared each executive's compensation to the 25th, 50th, 75th percentiles and average compensation for the comparable position within the peer group and generally used these comparisons as a guideline for establishing executive compensation recommendations.

Elements of Compensation

The elements of the Company's executive compensation are primarily comprised of base salary, annual incentive awards and long-term incentive awards, with all three elements designed to complement each other in meeting the compensation objectives set forth above. The Compensation Committee determines the mix and weightings of each of our key compensation elements by considering data from our peer group. The identification and mix of the elements of the executive compensation plan are believed to be appropriate for the company for reasons including the following:

- they focus on both operating results (short-term focus) and creation of shareholder value (long-term focus);
- they align the interests of the executive to shareholder interests through long-term incentive awards and the use of total shareholder return as a metric;
- they emphasize leadership and teamwork for long-term Company success, given the current business climate and intense competitive challenges; and
- they are comparable to the types and mix of executive compensation relative to executives in the peer group.

Base Salary

We view base salary as payment for ongoing performance throughout the year. The base salaries of executives are determined in consideration of their position's scope of responsibilities and their personal skills and experience. Executives are eligible for periodic increases in their base salary as a result of individual performance, significant increases in their duties and responsibilities or increases in the base salaries of executives in the peer group. The Compensation Committee annually reviews peer group base salary information for each executive position, as provided by an external consultant. The Chief Executive Officer evaluates the data provided by the external consultant, after which he submits recommendations for other executives to the Compensation Committee for their consideration. After considering the peer group information and the Chief Executive Officer's recommendations, and considering the effect of internal salary compression, the Compensation Committee recommends, and the Board of Trustees approves, any salary changes for executives. Base salary compensation is paid in cash bi-weekly. In 2006, the following actions took place regarding our Named Executive Officer base salaries:

- Mr. Griffin's annual base salary was increased from \$535,000 to \$570,000 effective June 26, 2006;

- Mr. Waesche's annual base salary was increased from \$343,200 to \$425,000 effective June 26, 2006. This increase contemplated the effects of a change in position from Chief Financial Officer to Chief Operating Officer effective August 14, 2006;
- Mr. Riffée was hired at an annual base salary of \$340,000 effective August 14, 2006;
- Mr. Taylor's annual base salary was increased from \$252,000 to \$311,000 effective June 26, 2006; and
- Ms. Singer's annual base salary was increased from \$189,055 to \$255,000 effective June 26, 2006. This increase was partially in anticipation of her promotion to Senior Vice President effective September 21, 2006.

Annual Incentive Awards

Our philosophy of awarding cash annual incentive awards is designed to relate executive pay to annual Company, business unit and executive performance. The Compensation Committee establishes defined annual incentive award levels for different thresholds of Company, business unit and executive performance, all determined by performance against defined objectives. Actual annual incentive awards are determined once actual performance in these areas is known. Annual incentive awards are considered non-equity incentive plan compensation in the compensation tables appearing later in this proxy statement.

Each year, the Compensation Committee receives data from its external compensation consultant regarding annual incentive award levels of executives in the peer group, and provides a copy to the Chief Executive Officer. The Compensation Committee, after considering recommendations from the Chief Executive Officer, derives objectives levels on which annual incentive awards will be based for three levels of performance: threshold, target and maximum. The Compensation Committee, again after considering peer group data and recommendations from the Chief Executive Officer, then derives annual incentive awards, as a percentage of base salary, for each of the three levels of performance, to be presented to the Board of Trustees. In the first quarter of each year, the Compensation Committee and the Board of Trustees approve annual incentive awards, as a percentage of base salary, for the three levels of performance for that year. During the first quarter of the following year, the Compensation Committee reviews the results of performance relative to the objectives levels to determine the appropriate award. To assist in this process, the Chief Executive Officer submits annual incentive award recommendations for the other executives to the Compensation Committee for its consideration. The Compensation Committee then recommends, and the Board of Trustees approves, the annual incentive awards for the executive officers.

As described above, the Company has three classifications of objectives that it uses for annual incentive awards: (1) company objectives; (2) business unit objectives; and (3) individual objectives. The mix between these classifications of objectives varies by executive, as reflected in the table below:

Name of Executive	Weight of Objectives on 2006 Annual Incentive Award								
	Company Objectives		Diluted AFFO per Share		Business Unit Objectives		Individual Objectives		Total
	Diluted FFO per Share	%	Diluted AFFO per Share	%	Business Unit Objectives	%	Individual Objectives	%	Total
Randall M. Griffin	50.0	%	50.0	%	0.0	%	0.0	%	100.0 %
Roger A. Waesche, Jr.	37.5	%	37.5	%	25.0	%	0.0	%	100.0 %
Stephen E. Riffée	42.5	%	42.5	%	15.0	%	0.0	%	100.0 %
Dwight S. Taylor	20.0	%	20.0	%	60.0	%	0.0	%	100.0 %
Karen M. Singer	25.0	%	25.0	%	30.0	%	20.0	%	100.0 %

The measures used in defining Company objectives in 2006 were fully diluted funds from operations per share (diluted FFO per share) and fully diluted adjusted funds from operations per share (diluted AFFO).

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per share), both of which are measurements used by equity REITs to evaluate financial performance. The measures used in defining business unit performance were tailored to apply to the nature of the business units' operations for which the executive is responsible. Business unit objectives for the executive officers included the following:

- Mr. Waesche: property operations measures, including net operating income; capital expenditures and occupancy rate; finance and accounting objectives due to his responsibilities in those areas prior to his promotion to Chief Operating Officer; and transactional, strategic and management goals;
- Mr. Riffie: team development objectives relating to the Company's accounting and information technology departments;
- Mr. Taylor: timeliness and cost effectiveness of construction deliveries; construction starts for designated properties; design and permitting progress on designated properties; and third party fee generation; and
- Ms. Singer: quality, timeliness and accuracy of legal guidance and performance associated with major business transactions.

Ms. Singer's individual objectives were related to her level of performance in key components of her job responsibilities, as well as continuing professional development. The Compensation Committee also may, and has in the past, used discretion in determining adjustments to executive annual incentive awards.

The range of annual incentive awards established by the Board of Trustees for 2006 for the executive officers are set forth below:

Name of Executive	Annual Incentive Award Available as a Percentage of Base Salary				Maximum Level	
	Threshold Level		Target Level			
Randall M. Griffin	75	%	150	%	200	%
Roger A. Waesche, Jr. (1)	45	%	90	%	130	%
Stephen E. Riffie (2)	65	%	85	%	120	%
Dwight S. Taylor	70	%	100	%	120	%
Karen M. Singer	65	%	85	%	120	%

(1) The percentage reflected for Mr. Waesche is blended for the two positions he held with us in 2006.

(2) Mr. Riffie's annual incentive award available was prorated by 37.5% for the amount of time in 2006 that he was employed by the Company.

The range of estimated annual incentive awards that were available for 2006, based on the respective executives' base salary levels at December 31, 2006, are set forth in the table below entitled "Grants of Plan-Based Awards." In 2006, the Company's diluted FFO per share results were between the threshold and target levels and the diluted AFFO per share results were at the target level. As a result, the annual incentive awards for all of the executives were at the following levels, as a percentage of base salary used to derive the amount: Mr. Griffin: 118.4%, although that amount was reduced to 114.0% of base salary at Mr. Griffin's request; Mr. Waesche: 71.8%; Mr. Riffie: 78.3%, although that amount was reduced to 43.1% at Mr. Riffie's request; Mr. Taylor: 80.7%; and Ms. Singer: 81.6%.

Long-Term Incentive Awards

Long-term incentive awards are designed to link executive compensation to the Company's growth and long-term common share performance. Since these awards typically vest over a period of time, such

awards also encourage the executives to remain with the Company. Long-term incentive awards typically take the following forms:

- *Common shares subject to forfeiture restrictions (restricted shares)*. The Company periodically issues restricted shares to the executive officers. We believe that the ownership of shares by executives assists in aligning executive interests with that of the Company's shareholders. Restricted share grants are typically made upon the achievement of performance criteria, as described further. Restricted shares have also been granted upon the hiring of new executives. Once granted, restricted shares vest over a defined period of time as the executive remains employed by the Company. Recipients of restricted share grants are entitled to receive dividends on such shares and can cast votes on shareholder matters for such shares prior to share vesting. Restricted shares were the only form of long-term incentive award granted to executive officers in 2006.
- *Common share options*. The Company has, in the past, granted executives common share options, although since 2002 they have been used to a lesser extent than restricted shares and no such grants were made in 2006. Common share options vest over a defined period of time as the executive remains employed by the Company.
- *COPT Operating Partnership Profit Interests Units (LTIP Units)*. In March 2007, the Board of Trustees approved, as part of the long-term incentive plan, the issuance of LTIP Units. The approval is effective upon the amendment of the Second Amended and Restated Limited Partnership Agreement of the Operating Partnership to create the LTIP Units, which is expected to occur promptly after the date of the proxy statement. LTIP Units would be issued as a separate class of units of limited partnership interest in our Operating Partnership structured as profits interests for U.S. Federal income tax purposes. As profits interests, the liquidation value of LTIP Units initially will not have full parity, on a per-unit basis, with common units of limited partnership interest in our Operating Partnership. Upon the occurrence of specified events, LTIP Units can over time achieve full parity with common units and therefore achieve an economic value for the participant equivalent to common units. If such parity is achieved, LTIP Units may be converted, subject to the satisfaction of applicable vesting conditions, on a one-for-one basis into common units, which in turn are redeemable by the holder for cash or, at our election, common shares on a one-for-one basis. There are circumstances under which LTIP Units will not achieve parity with common units, and until such parity is reached, the value that a participant in the program could realize for a given number of LTIP Units will be less than the value of an equal number of our common shares and may be zero or a nominal amount. LTIP Units may be issued subject to time-based or performance-based vesting conditions. Recipients of LTIP Units will be entitled to distributions on a per unit basis, equal to the dividends per share paid on our common shares, once such LTIP Units are vested.

LTIP Units are designed to offer executives the same long-term incentive as restricted shares, while allowing them to enjoy the more favorable U.S. Federal income tax treatment available for profits interests. More specifically, one key disadvantage of restricted shares is that executives are generally taxed on the full market value of a grant at the time of vesting, even if they choose to hold the common shares. As a result, executives often need to sell a portion of their vested shares upon vesting or exercise share options to pay taxes on their restricted share awards from prior years, which may limit an executive's ability to increase his or her equity ownership over the long-term. Conversely, an executive would generally be taxed only when he or she chooses to liquidate his or her LTIP Units. Therefore, an executive who wishes to hold his or her equity awards for the long-term can do so in a more tax-efficient manner with LTIP Units, although with LTIP Units, the Company would not be entitled to a corresponding income tax deduction. The Company believes that the use of LTIP Units (1) enhances its equity-based compensation package overall, (2) advances the goal of promoting long-term equity ownership by executives, (3) has no adverse impact on dilution as compared to restricted shares and (4) further aligns the interests of our executives with the interests of the Company's

shareholders. The Company also believes that these benefits outweigh the loss of income tax deductions by the Company from the issuance of LTIP Units, as compared to restricted shares.

Each year, the Compensation Committee derives objectives levels on which long-term incentive awards will be based for three levels of performance: threshold, target and maximum. To assist in this process, the Chief Executive Officer submits recommendations for objectives levels for the other executives to the Compensation Committee. The Compensation Committee also at this time uses data received from its external consultant in the prior year regarding long-term incentive awards for executives in the peer group to derive percentages of executives total remuneration to be in the form of long-term incentive awards for the three levels of performance. To assist in this process, the Chief Executive Officer evaluates the data provided by the external consultant and, based on such evaluation, submits recommendations for other executives long-term incentive awards to the Compensation Committee for its consideration. By the first quarter of each year, the Compensation Committee and the Board of Trustees approve long-term incentive awards, as percentages of total remuneration, to be applied for the three levels of performance for that year. During the first quarter of the period following the period to which long-term incentive awards pertain, the Compensation Committee reviews the results of performance relative to the objectives levels to determine the appropriate award. To assist in this process, the Chief Executive Officer submits long-term incentive award recommendations for the other executives to the Compensation Committee for its consideration. The Compensation Committee then recommends, and the Board of Trustees approves, the long-term incentive awards for the executive officers.

For 2006, long-term incentive awards were available based on the following criteria

- 35% of available award based on the achievement of Company's objective for diluted FFO per share (same objective used for annual incentive award);
- 35% of available award based on the achievement of Company's objective for diluted AFFO per share (same objective used for annual incentive award);
- 15% of available award based on the achievement of Company's objective for total shareholder return, which is calculated based on a combination of total dividend return and growth in common share price during the year; and
- 15% of available award was a discretionary grant by the Board of Trustees based on the executive's performance and leadership.

The range of long-term incentive awards established by the Board of Trustees for the executive officers for the three levels of performance are set forth below:

Name of Executive	Long-Term Incentive Award Available as a Percentage of Total Remuneration					
	Threshold Level		Target Level		Maximum Level	
Randall M. Griffin	50	%	55	%	65	%
Roger A. Waesche, Jr.	40	%	50	%	60	%
Stephen E. Riffée (1)	35	%	45	%	55	%
Dwight S. Taylor	35	%	45	%	55	%
Karen M. Singer	35	%	45	%	55	%

(1) Mr. Riffée's long-term incentive award available was prorated by 37.5% for the amount of time in 2006 that he was employed by us.

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The range of estimated long-term incentive awards that was available for 2006 is set forth in the table below entitled Grants of Plan-Based Awards. The actual long-term incentive awards of executives for 2006 were made at the target level based on the following:

- diluted FFO per share results were between the threshold and target levels;
- diluted AFFO per share results were at the target level;
- total shareholder return was at the maximum level; and
- the discretionary grant by the Board of Trustees was at the maximum level.

The number of awards under the long-term incentive plan for 2006 performance, which all took the form of restricted shares, were determined based on the price of our common shares on February 22, 2007, which is the date the analysis regarding awards was completed. The Company considered the restricted shares to be granted on March 1, 2007, the date the Compensation Committee and the Board of Trustees approved the grant. The common shares granted for 2006 performance under the long-term incentive plan vest annually in the following increments: 33.3% upon the first anniversary following the date of grant, 33.3% upon the second anniversary and 33.4% upon the third anniversary.

The Compensation Committee and the Board of Trustees also approved the grant of 30,000 restricted shares to Mr. Riffie effective on his commencement of employment on August 14, 2006. The forfeiture restrictions on these shares lapse annually in the following increments: 16% upon the first anniversary following the date of grant, 18% upon the second anniversary, 20% upon the third anniversary, 22% upon the fourth anniversary and 24% upon the fifth anniversary.

In December 2006, the Compensation Committee and the Board of Trustees approved a long-term incentive compensation program that contains an out-performance component. Participants in this program will share in a performance pool if our total shareholder return (calculated as a combination of total dividend return and growth in common share price) for the period from January 1, 2007 through December 31, 2009 is in excess of 18% annually over such period. Participants would receive LTIP Units or restricted shares valued at 12% of the total shareholder return value in excess of the 18% annual target return, plus the amount of distributions that would have been paid on such LTIP Units or restricted shares during the measurement period if the units or shares had been issued and had vested as of the beginning of the performance period. At the end of the three-year measurement period, 33 1/3% of the award will vest immediately, and the remainder will vest ratably over the following two years subject to continued employment. The total value of awards under this component is capped at \$25.0 million. Participants in the Plan include employees at the director level and above, which currently represents approximately 35 employees.

Retirement Benefits

Our retirement benefits are designed to assist executives in accumulating sufficient amounts to provide income during their retirement years. The retirement benefits are designed to attract and retain executives and to encourage such executives to save money for their retirement, while allowing us to maintain a competitive cost structure. Information pertaining to our retirement benefits is set forth below.

401(k) plan

We have a 401(k) defined contribution plan covering substantially all of our employees that permits participants to defer up to a maximum of 15% of their compensation up to the applicable Internal Revenue Service wage or contribution limits. We match a participant's contribution in an amount equal to 50% of the participant's elective deferral for the plan year up to a maximum of 6% of a participant's annual compensation. Employees' contributions are fully vested and our matching contributions vest in annual

one-third increments. Once an employee has been with the Company for three years, all matching contributions are fully vested. All Named Executive Officers are eligible to participate in this plan.

Nonqualified deferred compensation plan

We offer our senior management team (director level and above) a nonqualified deferred compensation plan. This plan allows for the deferral of up to 100% of a participant's cash compensation on a pre-tax basis and enables such participant to receive a tax-deferred return on such deferrals. The plan also provides for us to match the participant's contribution in an amount equal to 50% of the participant's elective deferral for the plan up to a maximum of 6% of a participant's annual compensation after deducting contributions, if any, made under our 401(k) plan. Participants may diversify their investments among a wide array of investment alternatives, including mutual funds and brokerage accounts. The plan does not guarantee a return or provide for above-market preferential earnings. The plan is not qualified under the Employee Retirement and Income Security Act of 1974. The deferral account balances increase or decrease in value based on the performance of the investments selected by the participants. Participants in this plans may choose to receive account balances in a lump sum or in 5, 10 or 15 annual installments upon termination of employment or in the event of a change in control of the Company, as defined in the Plan. Payments are also due to parties designated by the participant in lump sum upon the death of a participant. Participant account balances become fully vested in the event of a change in control of the Company, as defined in the Plan, or in the event that a participant becomes permanently disabled. Participation in the deferred compensation plans is voluntary. Information about the Named Executive Officers' participation in our deferred compensation plans is set forth below in the tables entitled Summary Compensation Table and Nonqualified Deferred Compensation Table.

Severance and Change-in-Control Benefits

The employment agreements of all the executives have termination of employment clauses related to: (1) premature termination; (2) constructive termination; (3) cause; (4) death; (5) disability; (6) change in control; and (7) voluntary termination.

The employment agreements of executives provide for severance payments in the event of termination by us without cause (premature termination) or by the executives based upon constructive termination. The employment agreements provide for these payments in order to assist employees in their transition to new employment.

The employment agreements also provide for payments to executives in the event of a change in control of the Company. We adopted the change in control provisions to ensure that, in the event that the Company is considering a change in control transaction, the employees involved in considering the offer will act in the interest of the shareholders. If a change in control were to occur, the employees would likely not be in a position to influence our performance and may not be in a position to earn their incentive awards or vest in their equity awards. Therefore, the provisions are designed to make a transaction neutral to the employees' economic interests.

The terms of severance and change in control benefits are described in detail in the section below entitled Potential Payments on Termination, Change in Control, Death or Disability.

Due to the authority vested with the executive officers and the knowledge of Company proprietary information held by such executives, the Company must protect its real estate interests in each of its major markets. For this reason, executive employment agreements include non-compete provisions for a 24-month period following termination of employment of executives.

Other Benefits and Perquisites

As employees, our executive officers are eligible to participate in other employee benefit programs generally available to our other employees, including medical, dental, life and disability insurance. In addition, we compensate our executive officers with certain personal benefits and perquisites that are not generally available to most of our other employees; these benefits and perquisites include the following:

- auto allowances;
- reimbursement for income taxes associated with vesting of restricted shares for certain shares granted prior to 2001;
- reimbursement for a defined amount of personal financial and tax preparation fees;
- participation in the Johns Hopkins Executive Wellness Program; and
- supplemental long-term disability insurance coverage in the case of our Chief Executive Officer and Chief Operating Officer.

The value of these benefits to the Named Executive Officers is included in the table below entitled Summary Compensation Table. The Compensation Committee believes that these benefits are aligned with our desire to attract and retain superior management talent for the benefit of the Company.

Accounting for Each Form of Compensation

The tax and accounting implications associated with the key elements of our executive compensation are set forth below:

- Salary is expensed as incurred.
- Cash annual incentive awards are recognized over the period to which such awards relate.
- Share option awards and restricted share grants are recognized over the period during which the employee is required to provide service in exchange for the award (generally the vesting period).

Tax Compliance Policy

Section 162(m) of the Internal Revenue Code of 1986, as amended, limits the deductibility on Corporate Office Properties Trust's income tax return to compensation of \$1 million for Named Executive Officers. Certain performance-based compensation plans are excluded from this limitation provided that the shareholders approve the plan and certain other requirements are met. The Compensation Committee's policy with respect to Section 162(m) is to make reasonable efforts to ensure that compensation is deductible to the extent permitted, while simultaneously providing the Company's executives with appropriate rewards for their performance. We did not pay any compensation in 2006 that was not deductible under Section 162(m) of the Internal Revenue Code, and do not believe that any future nondeductible compensation that is paid will have a material impact on the Company.

Executive Ownership and Capital Accumulation

As discussed above, we issue common shares to executives through our long-term incentive plan. We believe that the ownership of shares by executives assists in aligning executive interests with that of the Company's shareholders. We do not have set guidelines for share ownership by executives.

The Compensation Committee and the Board of Trustees do not consider accumulated wealth of executive officers from prior year awards under our long-term incentive plan in making current year compensation decisions.

Trading Controls

Executive officers are required to receive the permission of Karen M. Singer, Senior Vice President, General Counsel and Secretary, prior to entering into transactions in Company shares or share equivalents. Executives are subject to black-out periods on the trading of Company shares for a period of time before the completion of each quarter end and a period of time following the release of earnings for each quarter end.

Executives bear full responsibility if they violate Company policy by permitting shares to be bought or sold without pre-approval by Ms. Singer or when trading is restricted.

Report of the Compensation Committee

The Compensation Committee has reviewed the Compensation Discussion and Analysis and discussed with management. Based on its review and discussions with management, the Compensation Committee recommended to our Board of Directors that the Compensation Discussion and Analysis be included in the Company's Annual Report on Form 10-K for 2006 and the Company's 2007 proxy statement. This report is provided by the following independent Trustees, who comprise the committee.

COMPENSATION COMMITTEE

Thomas F. Brady, Chairman

Douglas M. Firstenberg

Kenneth S. Sweet, Jr.

Compensation Committee Interlocks and Insider Participation

The Compensation Committee is comprised entirely of the three independent Trustees listed above. No Compensation Committee member has any non-trivial professional, familial or financial relationship with the Chief Executive Officer, other executive officers or the Company, other than his relationship as a Trustee.

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Summary Compensation Table

The following table summarizes the compensation earned by our Named Executive Officers for 2006. The Named Executive Officers are the Company's Chief Executive Officer, Chief Financial Officer and three other most highly compensated executive officers.

Name and Principal Position	Year	Salary	Stock Awards (1)	Option Awards (2)	Non-Equity Incentive Plan Compensation (3)	All Other Compensation (4)	Total
Randall M. Griffin President and Chief Executive Officer	2006	\$ 552,500	\$ 997,294	\$	\$ 650,000	\$ 886,280	\$ 3,086,074
Roger A. Waesche, Jr. Executive Vice President and Chief Operating Officer (5)	2006	384,100	350,141		266,000	82,912	1,083,153
Stephen E. Riffie Executive Vice President and Chief Financial Officer (6)	2006	137,915	104,114		55,000	23,215	320,244
Dwight S. Taylor President, COPT Development and Construction Services, LLC	2006	281,500	150,590		251,000	48,586	731,676
Karen M. Singer Senior Vice President, General Counsel and Secretary	2006	222,027	67,541	4,946	208,000	31,215	533,729

(1) Represents expense recognized in 2006 under SFAS 123(R) relating to awards of restricted shares, as adjusted to exclude the effect of reductions for estimated forfeitures related to service-based vesting conditions. See Notes 2 and 12 to the Company's consolidated financial statements included in the Company's Annual Report to shareholders for the year ended December 31, 2006 for additional information regarding restricted shares.

(2) Represents expense recognized under SFAS 123(R) relating to awards of share options, as adjusted to exclude the effect of reductions for estimated forfeitures related to service-based vesting conditions. See Notes 2 and 12 to the Company's consolidated financial statements included in the Company's Annual Report to shareholders for the year ended December 31, 2006 for additional information regarding share options, including assumptions made in determining values for common share options.

(3) Represents annual incentive awards granted in 2007 as compensation for services performed during 2006.

(4) Refer to the table below entitled "All Other Compensation" for amounts, which include perquisites, auto allowances, personal financial and tax preparation fees paid by the Company on behalf of the officers, dividends on unvested restricted common shares and Company match on employee contributions to the Company's 401(k) and nonqualified deferred compensation plans.

(5) Mr. Waesche served as our Chief Financial Officer until August 14, 2006, when he was promoted to Chief Operating Officer.

(6) Mr. Riffie joined the Company on August 14, 2006.

All Other Compensation

Name	Financial Advice, and Tax Preparation Benefits	Auto Allowance	Johns Hopkins Wellness Program Participation	Dividends on Unvested Restricted Shares	Tax Gross-Ups Upon Restricted Share Vesting	Matching of Contributions to 401(k) and Deferred Compensation Plan	Total
Randall M. Griffin	\$ 4,300	\$ 15,000	\$	\$ 192,295	\$ 668,085	\$ 6,600	\$ 886,280
Roger A. Waesche, Jr.		12,000	2,260	62,052		6,600	82,912
Stephen E. Riffie		4,615		18,600			23,215
Dwight S. Taylor	4,741	10,546		26,699		6,600	48,586
Karen M. Singer	956	9,231	2,259	12,169		6,600	31,215

Employment Agreements

We have employment agreements with our Named Executive Officers that establish various parameters of their compensation, particularly their base salaries and various benefit entitlements. A description of material terms of these agreements follows:

- Randall M. Griffin is party to an agreement that commenced on April 1, 2005 and expires on June 30, 2010;
- Roger A. Waesche, Jr. is party to an agreement that commenced on July 1, 2002 and expires on June 30, 2013;
- Stephen E. Riffie is party to an agreement that commenced on August 14, 2006 and expires on August 13, 2012;
- Dwight S. Taylor is party to an agreement that commenced on July 1, 2002 and expires on March 31, 2009; and
- Karen M. Singer is party to an agreement that commenced on September 15, 2005 and expires on September 14, 2010.

Each of these agreements has continuous and self-renewing one-year terms after the basic term unless otherwise indicated by either the Company or the executive prior to a specified point in time during the then current term. These agreements may be terminated by either the Company or the executive at any time on one day's prior notice. Under the employment agreements, the executive officers are required to devote their full business time to our affairs and are prohibited from competing directly or indirectly with us during the term of the agreement and for a period thereafter. The agreements provide that incentive compensation shall be set by the Board of Trustees upon the Compensation Committee's recommendation. The Compensation Committee may take action in future years to increase the executive officers' base salaries. Current base salary and allowance for automobile, personal financial planning and income tax preparation provided for under the agreements of the Named Executive Officers are set forth below:

Name of Executive	Current Base Salary	Allowance for Automobile, Personal Financial Planning and Income Tax Preparation
Randall M. Griffin	\$ 570,000	\$ 21,000
Roger A. Waesche, Jr.	425,000	17,000
Stephen E. Riffiee	340,000	17,000
Dwight S. Taylor	311,000	16,000
Karen M. Singer	255,000	12,200

These employment agreements provide for severance packages in the event of (1) termination by us without cause or by the executive based upon constructive termination or (2) a change of control of Corporate Office Properties Trust, as defined in the agreements. The employment agreements also provide for full vesting of common share options and restricted shares upon death or disability. These provisions are discussed further in the section below entitled Potential Payments on Termination, Change in Control, Death or Disability.

Grants of Plan-Based Awards

The following table sets forth information about equity and non-equity awards granted to the Named Executive Officers for 2006.

Name	Grant Date (1)	Board of Trustees Action Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (2)			Estimated Future Payouts Under Equity Incentive Plan Awards (3)			Shares Granted Under Equity Incentive Plan Awards (4)	All Other Stock Awards (5)	Grant Date Fair Value of Equity Awards (4)(5)
			Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (# shares)	Target (# shares)	Maximum (# shares)	(# shares)	(# shares)	(\$)
Randall M. Griffin	3/9/2006	3/9/2006	\$ 427,500	\$ 855,000	\$ 1,140,000	24,619	30,090	45,722	30,188		\$ 1,526,607
Roger A. Waesche, Jr.	3/9/2006	3/9/2006	166,698	333,395	481,571	9,109	13,664	20,496	13,708		693,214
Stephen E. Riffe	3/1/2007 8/14/2006	3/1/2007 7/27/2006	82,875	108,375	153,000	2,420	3,677	5,492	3,689	30,000	186,553 1,357,200
Dwight S. Taylor	3/9/2006	3/9/2006	217,700	311,000	373,200	5,984	9,093	13,583	9,122		461,300
Karen M. Singer	3/9/2006	3/9/2006	165,750	216,750	306,000	4,930	7,491	11,190	7,515		380,034

(1) March 9, 2006 is the date on which the Board of Trustees established the range of potential annual incentive awards and long-term incentive payouts for the Named Executive Officers with respect to services to be performed during 2006 except for in the case of Mr. Riffe, whose range was established on March 1, 2007.

(2) As described in the section entitled Compensation Discussion and Analysis, the Board of Trustees approved annual incentive awards for the executive officers, as a percentage of base salary, for three levels of performance. These columns show the estimated future payouts of annual incentive awards for the three levels of performance approved by the Board of Trustees for 2006, as converted from the percentages of base salary, using the executive's base salary used to compute the 2006 annual incentive award. In 2006, the Company's diluted FFO per share results were between the threshold and target levels and the diluted AFFO per share results were at the target level. As a result, the annual incentive award payouts for all of the executives were at the following levels:

- Mr. Griffin: 118.4% of base salary, or 78.9% of target, although that amount was reduced to 114.0% of base salary at Mr. Griffin's request;
- Mr. Waesche: 71.8% of base salary, or 79.8% of target;
- Mr. Riffe: 78.3% of base salary, prorated by 37.5% for the amount of time in 2006 that he was employed by the Company, or 92.1% of target, although that amount was reduced to 43.1% of base salary at Mr. Riffe's request;
- Mr. Taylor: 80.7% of base salary, or 80.7% of target; and
- Ms. Singer: 81.6% of base salary, or 96.0% of target.

The actual annual incentive award payouts were approved by the Board of Trustees on March 1, 2007.

(3) As described in the section entitled Compensation Discussion and Analysis, the Board of Trustees approved long-term incentive awards for the executive officers, as a percentage of total remuneration, for three levels of performance. These columns show the estimated future payouts of long-term incentive awards for the three levels of

performance approved by the Board of Trustees for 2006, as converted from percentages of total remuneration, using the following assumptions:

- in computing total remuneration used to derive the dollar amount of remuneration to take the form of long-term incentive awards, we used the executive's annual base salary as of December 31, 2006 (Mr. Riffie's salary was prorated by 37.5% for the amount of time in 2006 that he was employed by the Company) and actual annual incentive award for 2006 performance before voluntary adjustments; and

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- in computing the number of shares from the dollar amount of remuneration to take the form of long-term incentive awards, we used a per share value of \$50.57, the closing price of our common shares on the New York Stock Exchange (NYSE) on March 1, 2007.

The 2007 grant for 2006 performance was made approximately at the target levels based on the following:

- diluted FFO per share results were between the threshold and target levels;
- diluted AFFO per share results were at the target level;
- total shareholder return was at the maximum level; and
- the discretionary grant by the Board of Trustees was at the maximum level.

The actual long-term incentive award payouts were approved by the Board of Trustees on March 1, 2007.

(4) This column reflects the restricted share awards made on March 1, 2007 under the long-term incentive plan related to 2006 performance. These shares vest over a three-year period in equal increments on the anniversary of the grant date. The grant date fair value of these awards was calculated using the closing common share price on the NYSE on March 1, 2007 of \$50.57. This column does not include restricted share awards granted on March 9, 2006 under the long-term incentive plan related to 2005 performance, which are set forth in the table below:

Name of Executive	Number of Shares Granted in 2006 for 2005 Performance Under Equity Incentive Plan	Grant Date Fair Value of Equity Awards
Randall M. Griffin	47,900	\$ 2,011,800
Roger A. Waesche, Jr.	17,966	754,572
Dwight S. Taylor	7,430	312,060
Karen M. Singer	4,101	172,242

The forfeiture restrictions on the shares granted in 2006 for 2005 performance lapse annually in the following increments: 16% upon the first anniversary following the date of grant, 18% upon the second anniversary, 20% upon the third anniversary, 22% upon the fourth anniversary and 24% upon the fifth anniversary. The grant date fair value of the shares granted in 2006 for 2005 performance was calculated using the closing common share price on the NYSE on March 9, 2006 of \$42.00.

(5) This column reflects a restricted share award granted to Mr. Riffie upon the commencement of his employment. The grant date fair value of these awards was calculated using the closing common share price on the NYSE on August 14, 2006 of \$45.24.

Outstanding Equity Awards at December 31, 2006

The table below provides information about unexercised common share options and unvested restricted shares at December 31, 2006 for the Named Executive Officers.

Name	Grant Date	Option Awards		Option Exercise Price (\$)	Option Expiration Date	Equity Incentive Plan Awards			
		Number of Securities Underlying Unexercised Options Exercisable	Unexercisable (1)			Restricted Share Awards Number of Shares That Have Not Vested (2)	Market Value of Shares That Have Not Vested (\$)(3)	Number of Unearned Shares That Have Not Vested (4)	Market Value of Unearned Shares That Have Not Vested (\$)(5)
Randall M. Griffin	9/28/1998	120,000		\$ 9.25	9/28/2008		\$		\$
	3/11/1999	20,000		9.25	3/11/2009				
	12/16/1999	210,000		7.38	12/16/2009				
	1/1/2000	6,932		7.63	1/1/2010				
	9/12/2000	25,000		9.75	9/12/2010				
	3/8/2001	50,000		9.90	3/8/2011				
	3/7/2002	168,068		12.45	3/7/2012				
	12/16/1999				N/A	51,003	2,574,121		
	1/4/2000				N/A	2,125	107,249		
	5/15/2003				N/A	6,900	348,243		
	2/26/2004				N/A	19,659	992,190		
	2/25/2005				N/A	34,663	1,749,442		
	3/9/2006				N/A	47,900	2,417,513		
	3/9/2006				N/A			45,722	2,307,589
Roger A. Waesche, Jr.	9/12/2000	85,000		9.75	9/12/2010				