
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934**

Date of report (Date of earliest event reported) **May 2, 2006 (May 1, 2006)**

CORPORATE OFFICE PROPERTIES TRUST

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation)

1-14023
(Commission
File Number)

23-2947217
(IRS Employer
Identification Number)

**8815 Centre Park Drive, Suite 400
Columbia, Maryland 21045**
(Address of principal executive offices)

(410) 730-9092
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2 below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition

On May 1, 2006, the Registrant issued a press release relating to its financial results for the quarter ended March 31, 2006. A copy of the press release is included as Exhibit 99.1 to this report and is incorporated herein by reference.

The information included herein, including the exhibits, shall not be deemed "filed" for any purpose, including the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or subject to liabilities of that Section. The information included herein, including the exhibits, shall also not be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act regardless of any general incorporation language in such filing.

The Registrant uses non-GAAP financial measures in earnings press releases and information furnished to the Securities and Exchange Commission. The Registrant believes that these measures are helpful to investors in measuring its performance and comparing such performance to other real estate investment trusts ("REITs"). Descriptions of these measures are set forth below.

Funds from operations ("FFO")

Funds from operations ("FFO") is defined as net income computed using GAAP, excluding gains (or losses) from sales of real estate, plus real estate-related depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures. Gains from sales of newly-developed properties less accumulated depreciation, if any, required under GAAP are included in FFO on the basis that development services are the primary revenue generating activity; the Registrant believes that inclusion of these development gains is in accordance with the National Association of Real Estate Investment Trusts' ("NAREIT") definition of FFO, although others may interpret the definition differently.

Accounting for real estate assets using historical cost accounting under GAAP assumes that the value of real estate assets diminishes predictably over time. NAREIT stated in its April 2002 White Paper on Funds from Operations that "since real estate asset values have historically risen or fallen with market conditions, many industry investors have considered presentations of operating results for real estate companies that use historical cost accounting to be insufficient by themselves." As a result, the concept of FFO was created by NAREIT for the REIT industry to "address this problem." The Registrant agrees with the concept of FFO and believes that FFO is useful to investors as a supplemental measure of operating performance because, by excluding gains and losses related to sales of previously depreciated operating real estate properties and excluding real estate-related depreciation and amortization, FFO can help one compare the Registrant's operating performance between periods. In addition, since most equity REITs provide FFO information to the investment community, the Registrant believes that FFO is useful to investors as a supplemental measure for comparing its results to those of other equity REITs. The Registrant believes that net income is the most directly comparable GAAP measure to FFO.

Since FFO excludes certain items includable in net income, reliance on the measure has limitations; management compensates for these limitations by using the measure simply as a supplemental measure that is weighed in the balance with other GAAP and non-GAAP measures. FFO is not necessarily an indication of the Registrant's cash flow available to fund cash needs. Additionally, it should not be used as an alternative to net income when evaluating the Registrant's financial performance or to cash flow from operating, investing and financing activities when evaluating the Registrant's liquidity or ability to make cash distributions or pay debt service. The FFO presented by

the Registrant may not be comparable to the FFO presented by other REITs since they may interpret the current NAREIT definition of FFO differently or they may not use the current NAREIT definition of FFO.

Basic funds from operations ("Basic FFO")

Basic FFO is FFO adjusted to (1) subtract preferred share dividends and (2) add back GAAP net income allocated to common units in Corporate Office Properties, L.P. (the "Operating Partnership") not owned by the Registrant. With these adjustments, Basic FFO represents FFO available to common shareholders and common unitholders. Common units in the Operating Partnership are substantially similar to common shares of beneficial interest in the Registrant ("common shares"); common units in the Operating Partnership are also exchangeable into common shares, subject to certain conditions. The Registrant believes that Basic FFO is useful to investors due to the close correlation of common units to common shares. The Registrant believes that net income is the most directly comparable GAAP measure to Basic FFO. Basic FFO has essentially the same limitations as FFO; management compensates for these limitations in essentially the same manner as described above for FFO.

Diluted funds from operations per share ("Diluted FFO per share")

Diluted FFO per share is (1) Basic FFO adjusted to add back any convertible preferred share dividends and any other changes in Basic FFO that would result from the assumed conversion of securities that are convertible or exchangeable into common shares divided by (2) the sum of the (a) weighted average common shares outstanding during a period, (b) weighted average common units outstanding during a period and (c) weighted average number of potential additional common shares that would have been outstanding during a period if other securities that are convertible or exchangeable into common shares were converted or exchanged. However, the computation of Diluted FFO per share does not assume conversion of securities that are convertible into common shares if the conversion of those securities would increase Diluted FFO per share in a given period. The Registrant believes that Diluted FFO per share is useful to investors because it provides investors with a further context for evaluating its FFO results in the same manner that investors use earnings per share in evaluating net income available to common shareholders. In addition, since most equity REITs provide Diluted FFO per share information to the investment community, the Registrant believes Diluted FFO per share is a useful supplemental measure for comparing the Registrant to other equity REITs. The Registrant believes that diluted EPS is the most directly comparable GAAP measure to Diluted FFO per share. Diluted FFO per share has most of the same limitations as Diluted FFO (described below); management compensates for these limitations in essentially the same manner as described below for Diluted FFO.

Diluted funds from operations ("Diluted FFO")

Diluted FFO is Basic FFO adjusted to add back any convertible preferred share dividends and any other changes in Basic FFO that would result from the assumed conversion of securities that are convertible or exchangeable into common shares. However, the computation of Diluted FFO does not assume conversion of securities that are convertible into common shares if the conversion of those securities would increase Diluted FFO per share in a given period. The Registrant believes that Diluted FFO is useful to investors because it is the numerator used to compute Diluted FFO per share. In addition, since most equity REITs provide Diluted FFO information to the investment community, the Registrant believes Diluted FFO is a useful supplemental measure for comparing the Registrant to other equity REITs. The Registrant believes that the numerator to diluted EPS is the most directly comparable GAAP measure to Diluted FFO. Since Diluted FFO excludes certain items includable in the numerator to diluted EPS, reliance on the measure has limitations; management compensates for these limitations by using the measure simply as a supplemental measure that is weighed in the balance with other GAAP and non-GAAP measures. Diluted FFO is not necessarily an indication of

the Registrant's cash flow available to fund cash needs. Additionally, it should not be used as an alternative to net income when evaluating the Registrant's financial performance or to cash flow from operating, investing and financing activities when evaluating the Registrant's liquidity or ability to make cash distributions or pay debt service. The Diluted FFO presented by the Registrant may not be comparable to the Diluted FFO presented by other REITs.

Diluted adjusted funds from operations ("Diluted AFFO")

Diluted AFFO is Diluted FFO adjusted for the following: (1) the elimination of the effect of (a) noncash rental revenues (comprised of straight-line rental adjustments, which includes the amortization of recurring tenant incentives, and amortization of deferred market rental revenue, both of which are described under "Cash NOI" below) and (b) accounting charges for original issuance costs associated with redeemed preferred shares; and (2) recurring capital expenditures (defined below). The Registrant believes that Diluted AFFO is an important supplemental measure of liquidity for an equity REIT because it provides management and investors with an indication of its ability to incur and service debt and to fund dividends and other cash needs. In addition, since most equity REITs provide Diluted AFFO information to the investment community, the Registrant believes that Diluted AFFO is a useful supplemental measure for comparing the Registrant to other equity REITs. The Registrant believes that the numerator to diluted EPS is the most directly comparable GAAP measure to Diluted AFFO. Since Diluted AFFO excludes certain items includable in the numerator to diluted EPS, reliance on the measure has limitations; management compensates for these limitations by using the measure simply as a supplemental measure that is weighed in the balance with other GAAP and non-GAAP measures. In addition, see the discussion below regarding the limitations of recurring capital expenditures, which is used to derive Diluted AFFO. Diluted AFFO is not necessarily an indication of the Registrant's cash flow available to fund cash needs. Additionally, it should not be used as an alternative to net income when evaluating the Registrant's financial performance or to cash flow from operating, investing and financing activities when evaluating the Registrant's liquidity or ability to make cash distributions or pay debt service. The Diluted AFFO presented by the Registrant may not be comparable to similar measures presented by other equity REITs.

Recurring capital expenditures

Recurring capital expenditures are defined as capital improvements, tenant improvements and incentives and leasing costs associated with operating properties that are not (1) items contemplated prior to the acquisition of a property, (2) improvements associated with the expansion of a building or its improvements, (3) renovations to a building which change the underlying classification of the building (for example, from industrial to office or Class C office to Class B office) or (4) capital improvements that represent the addition of something new to the property rather than the replacement of something (for example, the addition of a new heating and air conditioning unit that is not replacing one that was previously there). The Registrant believes that recurring capital expenditures is an important measure of performance for a REIT because it provides a measure of the capital expenditures that the Registrant can expect to incur on an ongoing basis, which is significant to how the Registrant manages its business since these expenditures are funded using cash flow from operations. As a result, the measure provides a further indication of the cash flow from operations that is available to fund other uses. The Registrant believes that tenant improvements and incentives, capital improvements and leasing costs associated with operating properties are the most directly comparable GAAP measures. Recurring capital expenditures do not reflect all capital expenditures incurred by the Registrant for the periods reported; the Registrant compensates for this limitation by also using the comparable GAAP measure. The recurring capital expenditures presented by the Registrant may not be comparable to the recurring capital expenditures presented by other REITs.

Net operating income (“NOI”)

NOI is total revenue from real estate operations, including rental revenue and tenant recoveries and other revenue, reduced by total property expenses associated with real estate operations, including discontinued operations; total property expenses, as used in this definition, do not include depreciation, amortization or interest expense associated with real estate operations. The Registrant believes that NOI is an important supplemental measure of operating performance for a REIT’s operating real estate because it provides a measure of the core real estate operations, rather than factoring in depreciation and amortization or corporate financing and general and administrative expenses; this measure is particularly useful in the opinion of the Registrant in evaluating the performance of geographic segments, same-office property groupings and individual properties. The Registrant believes that net income is the most directly comparable GAAP measure to NOI. The measure excludes many items that are includable in net income, including construction contract and other service operations revenues, as well as expenses including those mentioned above; management compensates for this limitation by using the measure simply as a supplemental measure that is weighed in the balance with other GAAP and non-GAAP measures. It should not be used as an alternative to net income when evaluating the Registrant’s financial performance or to cash flow from operating, investing and financing activities when evaluating the Registrant’s liquidity or ability to make cash distributions or pay debt service. NOI presented by the Registrant may not be comparable to NOI presented by other equity REITs that define the measure differently.

Cash net operating income (“Cash NOI”)

Cash NOI is NOI (defined above) adjusted to eliminate the effects of noncash rental revenues (comprised of straight-line rental adjustments, which includes the amortization of recurring tenant incentives, and amortization of deferred market rental revenue). Under GAAP, rental revenue is recognized evenly over the term of tenant leases. Many leases provide for contractual rent increases and the effect of accounting under GAAP for such leases is to accelerate the recognition of lease revenue. Since some leases provide for periods under the lease in which rental concessions are provided to tenants, the effect of accounting under GAAP is to allocate rental revenue to such periods. Also under GAAP, when a property is acquired, in-place operating leases carrying rents above or below market are valued as of the date of the acquisition; such value is then amortized into rental revenue over the lives of the related leases.

The Registrant believes that Cash NOI is an important supplemental measure of operating performance for a REIT’s operating real estate because it makes adjustments to NOI for revenue that is not associated with cash to the Registrant. As is the case with NOI, the measure is useful in the opinion of the Registrant in evaluating and comparing the performance of geographic segments, same-office property groupings and individual properties, although, since it adjusts for noncash items, it provides management and investors with a further indication of the Registrant’s ability to incur and service debt and to fund dividends and other cash needs. The Registrant believes that net income is the most directly comparable GAAP measure to Cash NOI. The measure excludes many items that are includable in net income; management compensates for this limitation by using the measure simply as a supplemental measure that is weighed in the balance with other GAAP and non-GAAP measures. It should not be used as an alternative to net income when evaluating the Registrant’s financial performance or to cash flow from operating, investing and financing activities when evaluating the Registrant’s liquidity or ability to make cash distributions or pay debt service. The Cash NOI that the Registrant presents may not be comparable to similar measures presented by other equity REITs.

Earnings Before Interest, Income Taxes, Depreciation and Amortization (“EBITDA”)

EBITDA is net income adjusted for the effects of interest expense, depreciation and amortization, income taxes and minority interests. The Registrant believes that EBITDA is an important measure

of performance for a REIT because it provides a further tool to evaluate the Registrant’s ability to incur and service debt and to fund dividends and other cash needs that supplements the previously described non-GAAP measures and to compare the Registrant’s operating performance with that of other companies. The Registrant believes that net income is the most directly comparable GAAP measure to EBITDA. EBITDA excludes items that are included in net income, including some that require cash outlays; management compensates for this limitation by using the measure simply as a supplemental measure that is weighed in the balance with other GAAP and non-GAAP measures. It should not be used as an alternative to net income when evaluating the Registrant’s financial performance or to cash flow from operating, investing and financing activities when evaluating the Registrant’s liquidity or ability to make cash distributions or pay debt service. Additionally, EBITDA as reported by the Registrant may not be comparable to EBITDA reported by other equity REITs.

EBITDA Interest Coverage Ratio

This measure divides EBITDA by interest expense on continuing and discontinued operations. The Registrant believes that this ratio is a useful measure in evaluating the relationship of earnings to the total cash flow requirements for interest on loans associated with operating properties and, as such, is an important tool in the Registrant’s finance policy management.

EBITDA Fixed Charge Coverage Ratio

This measure divides EBITDA by the sum of (1) interest expense on continuing and discontinued operations, (2) dividends on preferred shares and (3) distributions on preferred units in the Operating Partnership not owned by the Registrant. The Registrant believes that this ratio is a useful measure in evaluating the relationship of earnings to the cash flow requirements of (1) interest expense on loans associated with operating properties and (2) dividends to preferred equity holders and, as such, is an important tool in the Registrant’s finance policy management.

Diluted FFO Payout Ratio and Diluted AFFO Payout Ratio

These measures are defined as (1) the sum of (A) dividends on common shares and (B) dividends on restricted common and convertible preferred shares and distributions to holders of interests in the Operating Partnership when such dividends and distributions are included in Diluted FFO and Diluted AFFO, divided by (2) either Diluted FFO or Diluted AFFO. The Registrant believes that these ratios are useful to investors as supplemental measures of its ability to make distributions to investors. In addition, since most equity REITs provide these ratios, the Registrant believes they are useful supplemental measures for comparing the Registrant to other equity REITs. The Registrant believes that Earnings Payout Ratio is the most comparable GAAP measure. Earnings Payout Ratio is defined as dividends on common shares divided by net income available to common shareholders. Since Payout-FFO Diluted and Payout-AFFO Diluted are derived from Diluted FFO and Diluted AFFO, they share the limitations previously discussed for those measures; management compensates for these limitations by using the measures simply as supplemental measures that are weighed in the balance with other GAAP and non-GAAP measures.

Debt to Undepreciated Book Value of Real Estate Assets

This measure is defined as mortgage loans payable divided by net investment in real estate presented on the Registrant’s consolidated balance sheet excluding the effect of accumulated depreciation incurred to date on such real estate. The Registrant believes that this measure is useful to management and investors as a supplemental measure of its borrowing levels. In addition, since most equity REITs provide Debt to Undepreciated Book Value of Real Estate Asset information, the Registrant believes that this measure is a useful supplemental measure for comparing the Registrant to other equity REITs. The Registrant believes that the measure of Debt to Total Assets, defined as

mortgage loans payable divided by total assets, is the most comparable GAAP measure. Debt to Undepreciated Book Value of Real Estate Assets excludes the effect of accumulated depreciation, other assets and other liabilities; management compensates for these limitations by using the measure simply as a supplemental measure that is weighed with the comparable GAAP measure and other GAAP and non-GAAP measures.

Item 9.01. Financial Statements and Exhibits

(a) Financial Statements of Businesses Acquired

None

(b) Pro Forma Financial Information

None

(c) Exhibits

Exhibit Number	Exhibit Title
99.1	Press release dated May 1, 2006 for Corporate Office Properties Trust.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: May 2, 2006

CORPORATE OFFICE PROPERTIES TRUST

By: /s/ Randall M. Griffin
 Name: Randall M. Griffin
 Title: President and Chief Executive Officer

By: /s/ Roger A. Waesche, Jr.
 Name: Roger A. Waesche, Jr.
 Title: Executive Vice President and
 Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Exhibit Title
99.1	Press release dated May 1, 2006 for Corporate Office Properties Trust.



8815 Centre Park Drive, Suite 400
Columbia, Maryland 21045-2272
Telephone 410-730-9092
Facsimile 410-740-1174
www.copt.com
NYSE: OFC

NEWS RELEASE

FOR IMMEDIATE RELEASE

Contact:
Mary Ellen Fowler
Vice President - Finance & Investor Relations
410-992-7324
maryellen.fowler@copt.com

CORPORATE OFFICE PROPERTIES TRUST REPORTS STRONG FIRST QUARTER 2006 RESULTS

COLUMBIA, MD May 1, 2006 - Corporate Office Properties Trust (COPT) (NYSE: OFC) announced today financial and operating results for the quarter ended March 31, 2006.

Highlights

- Earnings per diluted share ("EPS") of \$.15 for the first quarter 2006 compared to \$.14 per diluted share for the first quarter 2005.
- 8.9% increase in FFO per diluted share to \$.49 or \$24.4 million for first quarter 2006 from \$.45 or \$21.1 million for first quarter 2005.
- \$12.9 million in acquisitions for 60,000 square foot redevelopment property and 57 acres of land acquired year to date.
- \$29.2 million in dispositions for 199,000 square feet and 2 acres of land sold year to date.
- 1.1 million square feet under construction, 780,000 square feet under development and 727,000 square feet under redevelopment.
- 93.3% occupied and 94.4% leased for our wholly-owned portfolio as of March 31, 2006.
- 5.5% increase in same property cash NOI for the quarter.
- 64.9% of leases expiring during the quarter were renewed, with a 14.11% increase in total straight line rent for renewed and retented space.

"The Company experienced improvement in our core markets as demonstrated by increases in rental rates on renewed and retented space, lower capital expenditures on renewals and positive same property NOI growth," stated Randall M. Griffin, President and Chief Executive Officer.

Financial Results

EPS for the quarter ended March 31, 2006 totaled \$.15 per diluted share, or \$6.3 million of net income available to common shareholders, as compared to \$.14 per diluted share, or \$5.4 million for the quarter ended March 31, 2005. Revenues from real estate operations for the quarter ended March 31, 2006 were \$71.7 million, as compared to revenue for the quarter ended March 31, 2005 of \$58.9 million.

Diluted FFO for the quarter ended March 31, 2006 totaled \$24.4 million, or \$.49 per diluted share, as compared to \$21.1 million, or \$.45 per diluted share, for the quarter ended March 31, 2005, representing an 8.9% increase on a per share basis. FFO Payout ratio was 56.0% for first quarter 2006 compared to 54.5% for the comparable 2005 period.

Adjusted funds from operations ("AFFO") diluted increased 27.8% to \$18.9 million for first quarter 2006 as compared to \$14.8 million for first quarter 2005. The Company's AFFO payout ratio was 72.3% for first quarter 2006 compared to 78.1% for first quarter 2005.

As of March 31, 2006, the Company had a total market capitalization of \$3.8 billion, with \$1.4 billion in debt outstanding, equating to a 36.1% debt-to-total market capitalization ratio. Debt to undepreciated book value of real estate assets was 62.7% at quarter end. The Company's total quarterly weighted average interest rate was 6.1% and 71% of total debt is subject to fixed interest rates. For the first quarter 2006, EBITDA interest coverage ratio was 2.78x and EBITDA fixed charge coverage was 2.29x.

Operating Results

At March 31, 2006, the Company's wholly-owned portfolio of 163 office properties totaling 13.7 million square feet was 93.3% occupied and 94.4% leased.

The weighted average remaining lease term for the portfolio was 5.0 years and the average rental rate (including tenant reimbursements) was \$20.72 per square foot.

During the quarter, 421,000 square feet renewed equating to a 64.9% renewal rate, at an average capital cost of \$2.80 per square foot. The Company achieved a 14.1% increase in total straight line rent and a 4.8% increase in total cash rent for 492,000 square feet of renewed and retented space. The average capital cost for renewed and retented space was \$4.11 per square foot.

Same property cash NOI increased by 5.5% for the quarter compared to the quarter ended March 31, 2005. The primary driver of the increase in cash NOI for the same property portfolio was higher rental rates and improved occupancy in our Baltimore/Washington Corridor portfolio. The Company's same property portfolio consists of 120 buildings and represents 78.7% of the total square feet owned as of March 31, 2006.

Significant leases signed during the quarter include 32,000 square feet with a defense contractor at 302 Sentinel Drive (known as 302 NBP). This building is under construction with an anticipated occupancy in the second quarter of 2008. Within the Northern Virginia portfolio, the Company signed a long-term lease for 78,000 square feet with CH2M HILL at Washington Technology Park II in the Westfields Corporate Center in Chantilly, Virginia.

Development Activity

At quarter end March 31, the Company's development pipeline consisted of:

- Nine buildings under construction totaling 1.1 million square feet for a total cost of \$199.2 million, that are 41% leased.
- Seven buildings under development totaling 780,000 square feet at a total projected cost of \$155.3 million. Included in this total is a 23,500 square foot building to be built at The UMBC Research Park under a long-term ground sublease agreement.
- Four projects under redevelopment totaling 727,000 square feet, two of which are owned in joint ventures with a total projected cost of \$74.4 million, and the other two which are wholly-owned buildings, Airport Square VII and 9965 Federal Drive, totaling 115,000 square feet at a cost of \$10.2 million.

The Company's land inventory (wholly-owned and joint venture) at quarter end totaled 576 acres that can support 8.1 million square feet of development.

During the quarter the Company placed one building, 304 Sentinel Drive (known as 304 NBP) with 162,500 square feet into service. This building is 100% leased.

Acquisition Activity

During the quarter, the Company acquired the following:

- A 60,000 square foot building on an 11 acre parcel of land in Colorado Springs, Colorado for a total cost of \$2.6 million. The land parcel can support up to 30,000 square feet of future office development.
- A 31 acre parcel of land in San Antonio, Texas for \$7.2 million that can support approximately 375,000 developable square feet. This parcel of land is contiguous to the 27 acre parcel of land and the 470,000 square foot building the Company acquired during 2005.
- A 50% interest in a joint venture for \$1.8 million, which has under construction a 44,000 square foot office building located on a 3 acre parcel of land in Hanover, Maryland.
- A 6 acre parcel of land for \$2.1 million located in Hanover, Maryland that can support up to 60,000 square feet of office development.

Disposition Activity

During the quarter, the Company disposed of the following assets:

- Two office properties containing 142,000 rentable square feet for \$17.0 million in Laurel, Maryland.
- A 57,000 rentable square foot building in Northern/Central New Jersey for \$9.7 million.

Financing and Capital Transactions

The Company executed the following transactions during the quarter:

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- An interest rate hedge for a notional amount of \$50.0 million to swap floating rate debt to a fixed rate of 5.04%, for a three year term which commenced on March 28, 2006 and expires on March 30, 2009.

Subsequent Events

The Company executed the following transactions subsequent to quarter end:

- Entered into a long-term ground sublease agreement with The UMBC Research Park Corporation on a 6 acre parcel of land located at the UMBC Research Park, on which the Company will build a 110,000 square foot office building.
- Issued 2.0 million common shares, generating proceeds of \$82.6 million before offering expenses. The Company used the net proceeds of the sale to repay borrowings under its unsecured revolving credit facility, and will subsequently fund the planned redemption of all of its outstanding 10.25% Series E Cumulative Redeemable Preferred Shares, as well as its outstanding 9.875% Series F Cumulative Redeemable Preferred Shares.
- Acquired a 20 acre land parcel with approximately 300,000 developable square feet in Colorado Springs, Colorado for \$1.1 million. The parcel is adjacent to our 64 acre Patriot Park Business Park acquired in 2005.
- The Company executed two interest rate hedges, each in a notional amount of \$25.0 million, to convert a total of \$50.0 million of floating rate debt to a fixed rate of 5.23%, commencing on May 1, 2006 and expiring May 1, 2009.

Earnings Guidance

The Company's 2006 EPS guidance is \$.50 – \$.57 per diluted share. The 2006 FFO guidance of \$1.98 – \$2.05 per diluted share remains unchanged. Both FFO and EPS guidance exclude the impact of preferred share redemptions.

Conference Call

The Company will hold an investor/analyst conference call:

Conference Call and Webcast Date: Tuesday, May 2, 2006

Time: 4:00 p.m. EDT

Dial In Number: 800-289-0730

Confirmation Code for the call: 3409103

A replay of this call will be available beginning Tuesday, May 2, 2006 at 7:30 p.m. EDT through Tuesday, May 16, 2006 at midnight EDT. To access the replay, please call 888-203-1112 and use confirmation code 3409103.

The conference call will also be available via live webcast in the Investor Relations section of the Company's website at www.copt.com. A replay of the conference call will be immediately available via webcast in the Investor Relations section of the Company's website.

Definitions

Please refer to our Form 8-K or our website (www.copt.com) for definitions of certain terms used in this press release. Reconciliations of GAAP and non-GAAP measurements are included in the attached tables.

Company Information

Corporate Office Properties Trust (COPT) is a fully integrated, self-managed real estate investment trust (REIT) that focuses on the ownership, management, leasing, acquisition and development of suburban office properties located primarily in submarkets within the Greater Washington, DC region. As of March 31, 2006, the Company's wholly owned portfolio totaled 163 office properties totaling 13.7 million rentable square feet. The Company has implemented a core customer expansion strategy that is built around meeting, through acquisitions and development, the multi-location requirements of the Company's existing strategic tenants. The Company's property management services team provides comprehensive property and asset management to company owned properties and select third party clients. The Company's development and construction services team provides a wide range of development and construction management services for company owned properties, as well as land planning, design/build services, consulting, and merchant development to select third party clients. The Company's shares are traded on the New York Stock Exchange under the symbol OFC. More information on Corporate Office Properties Trust can be found on the Internet at www.copt.com.

Forward-Looking Information

This press release may contain "forward-looking" statements, as defined in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, that are based on the Company's current expectations, estimates and projections about future events and financial trends affecting the Company. Forward-looking statements can be identified by the use of words such as "may", "will", "should", "expect", "estimate" or other comparable terminology. Forward-looking statements are inherently subject to risks and uncertainties, many of which the Company cannot predict with accuracy and some of which the Company might not even anticipate. Accordingly, the Company can give no assurance that these expectations, estimates and projections will be achieved. Future events and actual results may differ materially from those discussed in the forward-looking statements.

Important factors that may affect these expectations, estimates, and projections include, but are not limited to:

- the Company's ability to borrow on favorable terms;*
- general economic and business conditions, which will, among other things, affect office property demand and rents, tenant creditworthiness, interest rates and financing availability;*
- adverse changes in the real estate markets including, among other things, increased competition with other companies;*
- risk of real estate acquisition and development, including, among other things, risks that development projects may not be completed on schedule, that tenants may not take occupancy or pay rent or that development or operating costs may be greater than anticipated;*
- risks of investing through joint venture structures, including risks that the Company's joint venture partners may not fulfill their financial obligations as investors or may take actions that are inconsistent with the Company's objectives;*
- our ability to satisfy and operate effectively under federal income tax rules relating to real estate investment trusts and partnerships;*
- governmental actions and initiatives; and*
- environmental requirements.*

The Company undertakes no obligation to update or supplement any forward-looking statements. For further information, please refer to the Company's filings with the Securities and Exchange Commission, particularly the section entitled "Risk Factors" in Item 1 of the Company's Annual Report on Form 10-K for the year ended December 31, 2005.

Corporate Office Properties Trust
Summary Financial Data
(unaudited)
(Amounts in thousands, except per share data)

	Three Months Ended	
	March 31,	
	2006	2005
Revenues		
Real estate revenues	\$ 71,700	\$ 58,928
Service operations revenues	16,309	17,097
Total revenues	88,009	76,025
Expenses		
Property operating expenses	21,885	18,169

Depreciation and other amortization associated with real estate operations	19,313	14,169
Service operations expenses	15,704	16,188
General and administrative expenses	3,963	3,276
Total operating expenses	60,865	51,802
Operating income	27,144	24,223
Interest expense	(17,584)	(12,962)
Amortization of deferred financing costs	(559)	(396)
Income from continuing operations before equity in loss of unconsolidated entities, income taxes and minority interests	9,001	10,865
Equity in loss of unconsolidated entities	(23)	—
Income tax expense	(215)	(457)
Income from continuing operations before minority interests	8,763	10,408
Minority interests in income from continuing operations	(1,041)	(1,433)
Income from continuing operations	7,722	8,975
Income from discontinued operations, net of minority interests	2,105	46
Income before gain on sales of real estate	9,827	9,021
Gain on sales of real estate, net	110	19
Net income	9,937	9,040
Preferred share dividends	(3,654)	(3,654)
Net income available to common shareholders	\$ 6,283	\$ 5,386

Earnings per share "EPS" computation

Numerator:	\$ 6,283	\$ 5,386
Denominator:		
Weighted average common shares - basic	39,668	36,555
Assumed conversion of dilutive options	1,658	1,537
Dilutive restricted shares	184	—
Weighted average common shares - diluted	41,510	38,092

EPS

Basic	\$ 0.16	\$ 0.15
Diluted	\$ 0.15	\$ 0.14

Corporate Office Properties Trust
Summary Financial Data
(unaudited)
(Amounts in thousands, except per share data and ratios)

	Three Months Ended March 31,	
	2006	2005
Net income	\$ 9,937	\$ 9,040
Add: Real estate-related depreciation and amortization	19,068	14,505
Add: Depreciation and amortization on unconsolidated real estate entities	85	—
Less: Depreciation and amortization allocable to minority interests in other consolidated entities	(33)	(32)
Less: Gain on sales of real estate, excluding development portion	(2,459)	(24)
Funds from operations ("FFO")	26,598	23,489
Add: Minority interests-common units in the Operating Partnership	1,406	1,308
Less: Preferred share dividends	(3,654)	(3,654)
Funds from Operations - basic and diluted ("Basic and Diluted FFO")	24,350	21,143
Less: Straight-line rent adjustments	(2,122)	(1,583)
Less: Recurring capital expenditures	(2,808)	(4,734)
Less: Amortization of deferred market rental revenue	(555)	(70)
Adjusted Funds from Operations - diluted ("Diluted AFFO")	\$ 18,865	\$ 14,756
Weighted average shares		
Weighted average common shares	39,668	36,555
Conversion of weighted average common units	8,520	8,544
Weighted average common shares/units - basic FFO per share	48,188	45,099
Assumed conversion of share options	1,658	1,537
Dilutive restricted shares	184	—
Weighted average common shares/units - diluted FFO per share	50,030	46,636
Diluted FFO per common share	\$ 0.49	\$ 0.45
Dividends/distributions per common share/unit	\$ 0.28	\$ 0.255
Earnings payout ratio	179.2%	173.4%
Diluted FFO payout ratio	56.0%	54.5%
Diluted AFFO payout ratio	72.3%	78.1%
EBITDA interest coverage ratio	2.78 x	2.95 x
EBITDA fixed charge coverage ratio	2.29 x	2.29 x
Reconciliation of denominators for diluted EPS and diluted FFO per share		
Denominator for diluted EPS	41,510	38,092
Weighted average common units	8,520	8,544
Denominator for diluted FFO per share	50,030	46,636

Corporate Office Properties Trust
Summary Financial Data
(unaudited)
(Dollars and shares in thousands, except per share data)

	March 31, 2006	December 31, 2005
Balance Sheet Data (in thousands) (as of period end):		
Investment in real estate, net of accumulated depreciation	\$ 1,900,840	\$ 1,888,106
Total assets	2,142,875	2,129,759
Mortgage and other loans payable	1,360,638	1,348,351
Total liabilities	1,457,197	1,442,036
Minority interests	102,893	105,210
Beneficiaries' equity	582,785	582,513
Debt to Total Assets	63.5 %	63.3 %
Debt to Undepreciated Book Value of Real Estate Assets	62.7 %	62.6 %
Debt to Total Market Capitalization	36.1 %	41.5 %
Property Data (wholly owned properties) (as of period ended):		
Number of operating properties owned	163	165
Total net rentable square feet owned (in thousands)	13,671	13,708
Occupancy	93.3 %	94.0 %
	Three Months Ended March 31,	
	2006	2005
Reconciliation of tenant improvements and incentives, capital improvements and leasing costs for operating properties to recurring capital expenditures		
Total tenant improvements and incentives on operating properties	\$ 2,873	\$ 13,163
Total capital improvements on operating properties	3,123	2,105
Total leasing costs on operating properties	946	668
Less: Nonrecurring tenant improvements and incentives on operating properties	(1,281)	(9,551)
Less: Nonrecurring capital improvements on operating properties	(2,519)	(1,630)
Less: Nonrecurring leasing costs incurred on operating properties	(358)	(21)
Add: Recurring improvements on operating properties held through joint ventures	24	—
Recurring capital expenditures	<u>\$ 2,808</u>	<u>\$ 4,734</u>

Corporate Office Properties Trust
Summary Financial Data
(unaudited)
(Dollars in thousands)

	Three Months Ended March 31,	
	2006	2005
Reconciliation of dividends for Earnings Payout Ratio to dividends and distributions for FFO & AFFO Payout Ratio		
Common share dividends for earnings payout ratio	\$ 11,257	\$ 9,339
Common unit distributions	2,374	2,179
Dividends and distributions for FFO & AFFO payout ratio	<u>\$ 13,631</u>	<u>\$ 11,518</u>
Reconciliation of GAAP net income to earnings before interest, income taxes, depreciation and amortization ("EBITDA")		
Net income	\$ 9,937	\$ 9,040
Interest expense on continuing operations	17,584	12,962
Interest expense on discontinued operations	131	396
Income tax expense	215	457
Real estate-related depreciation and amortization	19,068	14,505
Amortization of deferred financing costs	559	396
Other depreciation and amortization	270	161
Minority interests	1,538	1,449
EBITDA	<u>\$ 49,302</u>	<u>\$ 39,366</u>
Reconciliation of interest expense from continuing operations to the denominators for interest coverage-EBITDA and fixed charge coverage-EBITDA		
Interest expense from continuing operations	\$ 17,584	\$ 12,962
Interest expense from discontinued operations	131	396
Denominator for interest coverage-EBITDA	17,715	13,358
Preferred share dividends	3,654	3,654
Preferred unit distributions	165	165
Denominator for fixed charge coverage-EBITDA	<u>\$ 21,534</u>	<u>\$ 17,177</u>
Reconciliation of same property net operating income to same property cash net operating income		
Same property net operating income	\$ 40,053	\$ 38,535
Less: Straight-line rent adjustments	(976)	(1,556)
Less: Amortization of deferred market rental revenue	(116)	(44)
Same property cash net operating income	<u>\$ 38,961</u>	<u>\$ 36,935</u>

Corporate Office Properties Trust
Summary Financial Data
(unaudited)
(Amounts in thousands, except per share data)

	March 31, 2006	December 31, 2005
Reconciliation of denominator for debt to total assets to denominator for debt to undepreciated book value of real estate assets		
Denominator for debt to total assets	\$ 2,142,875	\$ 2,129,759
Assets other than assets included in investment in real estate	(242,035)	(241,653)
Accumulated depreciation on real estate assets	183,920	174,935
Intangible assets on real estate acquisitions, net	85,699	90,984
Denominator for debt to undepreciated book value of real estate assets	<u>\$ 2,170,459</u>	<u>\$ 2,154,025</u>

	Year Ending December 31, 2006	
	Low	High
Reconciliation of projected EPS-diluted to projected diluted FFO per share		
<u>Reconciliation of numerators</u>		
Numerator for projected EPS-diluted	\$ 21,450	\$ 24,450
Gain on sales of real estate, excluding development portion	(2,484)	(2,484)
Real estate-related depreciation and amortization	78,539	78,539
Minority interests-common units	4,610	5,255
Numerator for projected diluted FFO per share	<u>\$ 102,115</u>	<u>\$ 105,760</u>
<u>Reconciliation of denominators</u>		
Denominator for projected EPS-diluted	43,194	43,194
Weighted average common units	8,490	8,490
Denominator for projected diluted FFO per share	<u>51,684</u>	<u>51,684</u>
EPS - diluted	<u>\$ 0.50</u>	<u>\$ 0.57</u>
FFO per share - diluted	<u>\$ 1.98</u>	<u>\$ 2.05</u>

This projection excludes any impact on earnings per share - diluted and funds from operations - diluted from the write-off of issuance costs associated with the potential redemptions of our Series E & F Preferred Shares.

Top Twenty Office Tenants of Wholly Owned Properties as of March 31, 2006
(Dollars and square feet in thousands)

Tenant	Number of Leases	Total Occupied Square Feet	Percentage of Total Occupied Square Feet	Total Annualized Rental Revenue (1) (6)	Percentage of Total Annualized Rental Revenue	Weighted Average Remaining Lease Term (2)	
United States of America	(3)	43	2,037,616	16.0%	\$ 39,964	15.1 %	6.1
Booz Allen Hamilton, Inc.		11	680,815	5.3%	17,247	6.5 %	7.6
Northrop Grumman Corporation		14	536,167	4.2%	11,994	4.5 %	3.0
Computer Sciences Corporation	(4)	4	454,645	3.6%	10,981	4.2 %	5.2
L-3 Communications Holdings, Inc.	(4)	5	239,153	1.9%	8,906	3.4 %	7.4
Unisys	(5)	3	741,284	5.8%	8,060	3.0 %	3.3
General Dynamics Corporation		9	278,239	2.2%	7,003	2.6 %	3.7
The Aerospace Corporation		2	221,785	1.7%	6,139	2.3 %	8.7
Wachovia Bank		4	183,641	1.4%	5,697	2.2 %	12.4
AT&T Corporation	(4)	6	243,335	1.9%	5,331	2.0 %	2.2
The Boeing Company	(4)	5	162,279	1.3%	4,340	1.6 %	3.0
Ciena Corporation		3	221,609	1.7%	3,541	1.3 %	4.5
VeriSign, Inc.		1	99,121	0.8%	3,064	1.2 %	8.3
Magellan Health Services, Inc.		2	142,199	1.1%	2,867	1.1 %	5.3
Lockheed Martin Corporation		6	159,677	1.3%	2,777	1.1 %	3.2
Johns Hopkins University	(4)	7	106,473	0.8%	2,565	1.0 %	1.5
Merck & Co., Inc. (Unisys)	(5)	1	219,065	1.7%	2,419	0.9 %	3.3
Wyle Laboratories, Inc.		4	174,792	1.4%	2,398	0.9 %	6.3
BAE Systems PLC	(4)	7	199,212	1.6%	2,340	0.9 %	0.9
Comcast Corporation		3	107,437	0.8%	2,236	0.8 %	3.5
Subtotal Top 20 Office Tenants		140	7,208,544	56.5%	149,866	56.7 %	5.6
All remaining tenants		478	5,547,792	43.5%	114,437	43.3 %	4.3
Total/Weighted Average		<u>618</u>	<u>12,756,336</u>	<u>100.0%</u>	<u>\$ 264,302</u>	<u>100.0%</u>	<u>5.0</u>

- (1) Total Annualized Rental Revenue is the monthly contractual base rent as of March 31, 2006 multiplied by 12 plus the estimated annualized expense reimbursements under existing office leases.
- (2) The weighting of the lease term was computed using Total Rental Revenue.

- (3) Many of our government leases are subject to early termination provisions which are customary to government leases. The weighted average remaining lease term was computed assuming no exercise of such early termination rights.
 - (4) Includes affiliated organizations or agencies.
 - (5) Merck & Co., Inc. subleases 219,065 rentable square feet from Unisys' 960,349 leased rentable square feet.
 - (6) Order of tenants is based on Annualized Rent.
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