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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, DC 20549

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**FORM 8-K**

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**CURRENT REPORT**

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

Date of report (Date of earliest event reported) **February 14, 2008 (February 13, 2008)**

**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)

**6711 Columbia Gateway Drive, Suite 300**  
**Columbia, Maryland 21046**  
(Address of principal executive offices)

**(443) 285-5400**  
(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 February 13, 2008, the Registrant issued a press release relating to its financial results for the quarter and year ended December 31, 2007. 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.

Earnings per diluted share ("diluted EPS"), as adjusted for issuance costs associated with redeemed preferred shares

This measure is defined as diluted EPS adjusted to eliminate an accounting charge for original issuance costs associated with the redemption of preferred shares of beneficial interest ("preferred shares"). The accounting charge pertains to a restructuring of the Company's equity and is not indicative of normal operations. As such, the Registrant believes that a measure that excludes the accounting charge is a useful supplemental measure in evaluating its operating performance. The Registrant believes that diluted EPS is the most comparable GAAP measure to this measure. A material limitation to this measure is that it does not reflect the effect of preferred share redemptions in accordance with GAAP; the Registrant compensates for this limitation by using diluted EPS and then supplementing its evaluation of that measure with the use of the non-GAAP measure.

Funds from operations ("FFO")

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 after adjustments for unconsolidated partnerships and joint ventures. Gains from the sale of real estate that are attributable to sales of non-operating properties are included in FFO. Gains from sales of newly-developed properties less accumulated depreciation, if any, required under GAAP are also 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 management and 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.

#### Funds from operations-Basic (“Basic FFO”)

Basic FFO is FFO adjusted to (1) subtract (a) preferred share dividends and (b) issuance costs associated with redeemed preferred shares 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 or funds from operations-diluted (“Diluted FFO”)

Diluted FFO is Basic FFO adjusted to add back any 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 other than common units in the Operating Partnership 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, discussed below. In addition, since most equity REITs provide Diluted FFO information to the investment community, the Registrant believes that Diluted FFO is a useful supplemental measure for comparing the Registrant to other equity REITs. The Registrant believes that the numerator for 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.

#### FFO per diluted share or diluted FFO per common share (“Diluted FFO per share”)

Diluted FFO per share is (1) Diluted FFO 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 other than common units in the Operating Partnership 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 the Registrant’s FFO results in the same manner that investors use earnings per share (“EPS”) 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 that 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 above); management compensates for these limitations in essentially the same manner as described above for Diluted FFO.

#### Diluted FFO, as adjusted for issuance costs associated with redeemed preferred shares

This measure is defined as Diluted FFO adjusted to eliminate an accounting charge for original issuance costs associated with the redemption of preferred shares. The accounting charge pertains to a restructuring of the Company’s equity and is not indicative of normal operations. As such, the Registrant believes that a measure that excludes the accounting charge is a useful supplemental measure in evaluating its operating performance. The Registrant believes that the numerator to diluted EPS is the most directly comparable GAAP measure to this non-GAAP measure. Diluted FFO, as adjusted for issuance costs associated with redeemed preferred shares, has essentially the same limitations as Diluted FFO, as well as the further limitation of not reflecting the effect of the preferred share redemption in accordance with GAAP; management compensates for these limitations in essentially the same manner as described above for Diluted FFO.

#### FFO per diluted share, as adjusted for issuance costs associated with redeemed preferred shares

This measure is defined as (1) Diluted FFO adjusted to eliminate an accounting charge for original issuance costs associated with the redemption of preferred shares of beneficial interest 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 the denominator for this measure does not assume conversion of securities that are convertible into common shares if the conversion of those securities would increase the measure in a given period. The accounting charge pertains to a restructuring of the Company’s equity and is not indicative of normal operations. As such, the Registrant believes that a measure that excludes the accounting charge is a useful supplemental measure in evaluating its operating performance. The Registrant believes that diluted EPS is the most directly comparable GAAP measure. This measure has most of the same limitations as Diluted FFO (described above), as well as the further limitation of not reflecting the effect of the preferred share redemption in accordance with GAAP; management compensates for these limitations in essentially the same manner as described above for Diluted FFO.

#### Adjusted funds from operations-diluted (“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

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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

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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.

#### Cash NOI adjusted for lease termination fees

This measure is Cash NOI (defined above) adjusted to eliminate the effects of lease termination fees paid by tenants to terminate their lease obligations prior to the end of the agreed lease terms. Lease termination fees are often recognized as revenue in large one-time lump sum amounts upon the termination of tenant leases. The Registrant believes that Cash NOI adjusted for lease termination fees is a useful supplemental measure of operating performance in evaluating same-office property groupings because it provides a means of evaluating the effect that lease terminations had on the performance of the property groupings. As in the case of Cash NOI, since the measure adjusts for noncash items, it also 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 adjusted for termination fees. The measure has essentially the same limitations as Cash NOI as well as the further limitation of not reflecting the effect of lease termination fees in accordance with GAAP. 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.

#### 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) Shell Company Transactions  
None
- (d) Exhibits

<u>Exhibit Number</u>	<u>Exhibit Title</u>
99.1	Press release dated February 13, 2008 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: February 14, 2008

CORPORATE OFFICE PROPERTIES TRUST

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

By: /s/ Stephen E. Riffe  
Name: Stephen E. Riffe  
Title: Executive Vice President and  
Chief Financial Officer

EXHIBIT INDEX

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NYSE: OFC

## NEWS RELEASE

### FOR IMMEDIATE RELEASE

Contact:  
Mary Ellen Fowler  
Vice President and Treasurer  
443-285-5450  
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### CORPORATE OFFICE PROPERTIES TRUST REPORTS 2007 FOURTH QUARTER AND YEAR END RESULTS

**COLUMBIA, MD February 13, 2008** — Corporate Office Properties Trust (COPT) (NYSE: OFC) announced today financial and operating results for the full year and quarter ended December 31, 2007.

#### 2007 Highlights

- 17.3% increase in Diluted Funds from Operations (“Diluted FFO”) per share to \$2.24 for the year ended 2007 from \$1.91 for 2006, including the effect of a \$3.9 million accounting charge associated with the Series E and F preferred share redemptions in 2006. Excluding this accounting charge, 2006 Diluted FFO per share would have been \$1.99, as adjusted, representing a year over year increase of 12.6%.
- Earnings per diluted share (“Diluted EPS”) of \$.39 for the year ended 2007 as compared to \$.69 per diluted share for the year ended 2006. Included in 2007 net income is a gain on sales of real estate net of minority interests and income taxes of approximately \$4.8 million, as compared to \$14.8 million in 2006 net income. Also included in 2006 net income is an accounting charge of \$3.9 million or \$.09 per share reflecting the write-off of initial issuance costs of the Series E and F preferred share redemptions.
- 21.5% increase in Adjusted Funds from Operations (“AFFO”) diluted to \$90.8 million for the year ended 2007 as compared to \$74.7 million for the year ended 2006.
- 57.5% Diluted FFO payout ratio, 79.3% Diluted AFFO payout ratio for the year.
- \$378.6 million in acquisitions of 57 buildings totaling 2.4 million square feet and 314 acres of land which can support 2.7 million square feet of potential development.
- \$17.8 million in dispositions of operating properties, representing 128,000 square feet and a gain of \$3.9 million.
- 617,000 square feet of development projects placed into service, which includes 68,000 square feet placed into service during 2006, that were 95.4% leased at December 31, 2007.
- 92.6% occupied and 93.4% leased for our wholly-owned portfolio as of December 31, 2007.

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- \$194.0 million in equity raised through the issuance of 3.4 million common shares/units at an average deemed value of \$48.90 per share/unit, and \$26.6 million net proceeds generated from the issuance of 5.6% Series K convertible preferred shares issued in connection with the Nottingham acquisition.
  - 69.1% renewal rate on expiring leases for the year, 1.7 million square feet renewed with an average capital cost of \$5.93 per square foot.
  - 10% increase of quarterly common dividend in September 2007.

#### Fourth Quarter 2007 Highlights

- 22.9% increase in Diluted FFO per share to \$.59 for the fourth quarter 2007 from \$.48 for the fourth quarter 2006, including the effect of a \$2.1 million accounting charge associated with the Series F preferred share redemption in 2006. Excluding this accounting charge, fourth quarter 2006 Diluted FFO per share would have been \$.52, as adjusted, representing a year over year increase of 13.5%.
- Diluted EPS of \$.12 for the fourth quarter 2007 as compared to \$.08 for the fourth quarter 2006. Included in fourth quarter 2006 net income is an accounting charge of \$2.1 million or \$.05 per diluted share reflecting the write-off of initial issuance costs of the Series F preferred share redemption.
- 31.3% increase in Diluted AFFO to \$23.2 million for the fourth quarter 2007 as compared to \$17.7 million for the fourth quarter 2006.
- 57.5% Diluted FFO payout ratio, 81.2% Diluted AFFO payout ratio for the fourth quarter 2007.
- 2.6 million square feet under construction, development and redevelopment for a total projected cost of \$467.4 million at December 31, 2007.
- 60.4% of leases expiring during the quarter were renewed, with a 16.0% increase in total straight line rent for renewed space.
- 6.6% increase in same office property cash NOI, representing 162 properties and 81.3% of the portfolio.

“We had excellent FFO growth in 2007 and are well positioned for strong growth in 2008. We have conservatively planned for a recession in our guidance,” stated Randall M. Griffin, President and Chief Executive Officer, Corporate Office Properties Trust. “The Company is fortunate to begin 2008 with strong financial flexibility, a healthy capital position and a development pipeline, heavily concentrated in the U.S. Government and Defense Information Technology sector,” he stated.

#### Financial Results

Diluted FFO for the year ended December 31, 2007 totaled \$125.3 million, or \$2.24 per diluted share, as compared to \$98.9 million, or \$1.91 per diluted share, for the year ended December 31, 2006, representing a 17.3% increase on a per share basis. 2006 Diluted FFO included a \$3.9 million accounting charge associated with the Series E and F preferred share redemptions.

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Excluding this accounting charge, 2006 Diluted FFO per share would have been \$1.99, as adjusted, representing a year over year increase of 12.6%.

The Company's Diluted FFO for the quarter ended December 31, 2007 totaled \$32.8 million, or \$.59 per diluted share, as compared to \$25.1 million, or \$.48 per diluted share, for the quarter ended December 31, 2006, representing a 22.9% increase on a per share basis. Included in the fourth quarter 2006 FFO is a \$2.1 million accounting charge associated with the Series F preferred share redemption. Excluding this accounting charge, fourth quarter 2006 Diluted FFO per share would have been \$.52, as adjusted, representing a year over year increase of 13.5%.

EPS for the year ended December 31, 2007 totaled \$.39 per diluted share, or \$18.7 million of net income available for common shareholders, as compared to \$.69 per diluted share, or \$29.9 million for the year ended December 31, 2006. Included in 2007 net income is a gain on sales of real estate net of minority interests and income taxes of approximately \$4.8 million, as compared to \$14.8 million in 2006 net income. Also included in 2006 net income is an accounting charge of \$3.9 million or \$.09 per share reflecting the write-off of initial issuance costs of the Series E and F preferred share redemptions.

For the quarter ended December 31, 2007, EPS totaled \$.12 per diluted, or \$5.9 million of net income available to common shareholders, as compared to \$.08 per diluted share and \$3.7 million for the quarter ended December 31, 2006. Included in fourth quarter 2006 net income is an accounting charge of \$2.1 million or \$.05 per share reflecting the write-off of initial issuance costs of the Series F preferred share redemption.

Diluted FFO payout ratio was 57.5% for the year ended 2007 compared to 60.3% for the comparable 2006 period. The Company's diluted FFO payout ratio for the fourth quarter 2007 was 57.5%, as compared to 63.5% for the year ended 2006.

Diluted AFFO for the year ended December 31, 2007 totaled \$90.8 million, as compared to \$74.7 million for the year ended December 31, 2006, representing an increase of 21.5%. Diluted AFFO payout ratio was 79.3% for year ended 2007, compared to 79.9% for the year ended 2006.

Diluted AFFO for the quarter ended December 31, 2007 totaled \$23.2 million, as compared to \$17.7 million for the quarter ended December 31, 2006, representing a 31.3% increase. The Company's diluted AFFO payout ratio for the quarter ended December 31, 2007 was 81.2%, as compared to 89.9% for the year ended 2006. A reconciliation of non GAAP measures to the comparable GAAP measures are included in the tables that follow the text of this press release.

Revenues from real estate operations in continuing operations for the year ended December 31, 2007 were \$368.9 million, as compared to the year ended December 31, 2006 of \$293.6 million. As of December 31, 2007, the Company had a total market capitalization of \$3.8 billion, with \$1.8 billion in debt outstanding, equating to a 48.0% debt-to-total market capitalization ratio. The Company's weighted average interest rate for the quarter ended December 31, 2007, was 5.7%. As of December 31, 2007, 80.9% of total debt was subject to fixed interest rates. For the fourth quarter 2007, EBITDA interest coverage ratio was 2.95x, and the EBITDA fixed charge coverage ratio was 2.45x.

#### **Operating Results**

At December 31, 2007, the Company's wholly-owned portfolio of 228 office properties totaling 17.8 million square feet, was 92.6% occupied and 93.4% leased. The weighted average remaining

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lease term for the portfolio was 5.0 years and the average rental rate (including tenant reimbursements of operating costs) was \$21.36 per square foot.

During 2007, the Company leased 2.6 million square feet including 2.2 million square feet of renewed and retented space, 238,000 square feet of previously unoccupied space and 104,000 square feet of new development space.

For the year, the Company renewed 1.7 million square feet or 69.1% of expiring leases (based on square footage), at an average capital cost of \$5.93 per square foot. For the 2.2 million square feet renewed and retented during the year, total rent increased 7.3% on a straight-line basis, as measured from the GAAP straight-line rent in effect preceding the renewal date. Total rent increased 0.9% on a cash basis. The average capital cost for the renewed and retented space was \$9.58 per square foot.

For the quarter ended December 2007, 301,000 square feet was renewed, equating to a 60.4% renewal rate, at an average capital cost of \$3.98 per square foot. Total rent on renewed space increased 16.0% on a straight-line basis, as measured from the GAAP straight-line rent in effect preceding the renewal date. Total rent increased 7.4% on a cash basis. For renewed and retented space of 436,000 square feet, total straight-line rent increased 8.5% and total rent on a cash basis increased 0.2%. The average committed capital cost for renewed and retented space was \$12.83 per square foot.

Same office property cash NOI increased 6.6% for fourth quarter 2007 as compared to the comparable 2006 period. The Company's same office portfolio consists of 162 buildings and represents 81.3% of its wholly owned portfolio as of December 31, 2007.

The Company recognized total lease termination fees of \$4.1 million, net of write-offs of related straight-line rents and write-off of previously unamortized deferred market revenue for the year ended December 31, 2007, as compared to \$5.7 million for the year ended December 21, 2006.

For the fourth quarter 2007, the Company recognized lease termination fees of \$0.6 million, net of write-offs of related straight-line rents and accretion of intangible assets and liabilities, as compared to \$3.4 million in the fourth quarter 2006.

#### **Development Activity**

At December 31, 2007, the Company's development pipeline consisted of:

- Ten buildings under construction totaling 846,000 square feet for a total projected cost of \$162.2 million, that are 36.2% leased.
- Eleven buildings under development totaling 1.1 million square feet for a total projected cost of \$232.9 million.
- Four projects under redevelopment totaling 625,000 square feet for a total projected cost of \$72.3 million.

The Company's land inventory (wholly owned and joint venture) at December 31, 2007 totaled 1,704 acres that can support 14.9 million square feet of development.

During the quarter, the Company signed a 75,000 square foot long-term lease with ITT Corporation, Systems Division for 655 Space Center Drive, known as Patriot Park VI, in Colorado Springs, Colorado.

During the year, the Company placed six buildings into service, including one building which contained 68,000 square feet placed into service during 2006, for a total of 617,000 square feet, that were 95.4% leased.

The Company was selected in 2007 as master developer for the 272 acre Colorado Springs Airport MixedUse Business Park. The business park is strategically located at the entrance of the Colorado Springs Airport and adjacent to the Peterson Air Force Base. The park can support approximately 3.5 million square feet of development of which 1.3 million square feet would be office development.

#### **Acquisition Activity**

During the year, the Company acquired 57 buildings totaling 2.4 million square feet and 314 acres of land which can support 2.7 million square feet of potential development for \$378.6 million.

Included in these totals, are the following assets:

- 56 operating properties containing 2.4 million square feet and 187 acres of land, developable into approximately 2.0 million developable square feet for \$362.5 million, plus approximately \$1.4 million in transaction costs.
- 56 acres of land for \$10.0 million that can support 800,000 square feet of office development. The site will be known as NorthGate Business Park and is strategically located at the north entrance to Aberdeen Proving Ground in Aberdeen, Maryland.

#### **Disposition Activity**

During the year, the Company sold 128,000 square feet in four buildings for \$17.8 million and realized a gain of \$3.9 million. The buildings were located in the Company's New Jersey, White Marsh and BWI Airport submarkets. The Company also sold 16.5 acres of land for \$8.7 million and realized a gain of \$3.0 million (or an after-tax gain of \$1.9 million). The land was located in White Marsh and Owings Mills, Maryland.

The Company also disposed of most of its investment in TractManager, Inc., as part of the TractManager, Inc. merger with Tudor Ventures and GE Healthcare Financial Services. The Company received \$2.5 million and recognized a \$1.0 million gain in connection with the disposition.

#### **Financing and Capital Transactions**

The Company executed the following transactions during the year:

- \$194.0 million in equity raised through the issuance of 3.4 million common shares/units at an average deemed value of \$48.90 per share/unit, and \$26.6 million net proceeds generated from the issuance of 5.6% Series K convertible preferred shares issued in connection with the Nottingham acquisition.
- Increased borrowing capacity under the Company's unsecured line of credit from \$500.0 to \$600.0 million and extended the maturity date to September 30, 2011 which is subject to a one

year extension option. The Company achieved favorable interest rate pricing ranging from 75 basis points to 125 basis points over LIBOR, depending upon leverage ratio.

- Closed a \$150.0 million, ten year, 5.65% fixed interest rate loan which requires interest only payments. The net proceeds were used to primarily retire \$120.5 million of existing indebtedness.
- Increased quarterly dividend 10% from \$.31 to \$.34 per share.
- Executed a swap for an aggregate notional amount of \$50.0 million at a fixed one month LIBOR rate of 4.33%, which commenced October 23, 2007 and expires October 23, 2009.

#### **Subsequent Events**

The Company executed the following transactions subsequent to year end:

- Disposed of a 142,000 square foot property located in Central New Jersey for \$17.0 million. After this sale, the Company only owns 3 properties in Central New Jersey totaling 243,000 square feet.
- Acquired a 45.0% interest in the M Square, LLC joint venture located adjacent to the University of Maryland campus in College Park, Maryland. The venture will develop, lease and manage the office buildings totaling approximately 750,000 square feet. The venture has a 118,000 square foot building located at 5825 University Research Court under construction.
- Placed into service the entire 60,000 square foot property located at 1055 North Newport Road in Colorado Springs, Colorado which is 100.0% leased to SI International, Inc. for a ten year term.

#### **Earnings Guidance**

The Company's 2008 EPS guidance has been revised from a range of \$.58 to \$.67 to a range of \$.62 to \$.69 per diluted share, including actual gains but excluding any potential gains or losses from the sale of previously depreciated operating properties.

The Company's 2008 FFO guidance has been revised from a range of \$2.40 to \$2.49 to a range of \$2.41 to \$2.49 per diluted share, representing FFO growth of 8% to 11% compared to 2007 actual results.

#### **Conference Call**

The Company will hold an investor/analyst conference call:

**Conference Call and Webcast Date:** Thursday, February 14, 2008



Time: 11:00 a.m. Eastern

Dial In Number: 866-203-2528

Confirmation Code for the call: 23558524

A replay of this call will be available beginning Thursday, February 14, 2008 at 1:00 p.m. Eastern through Thursday, February 28, 2008 at midnight Eastern. To access the replay, please call 888-286-8010 and use confirmation code 49624459.

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The conference call will also be available via live webcast in the Investor Relations section of the Company's website at [www.copt.com](http://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 8K or our website ([www.copt.com](http://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 December 31, 2007, the Company owned 246 office properties totaling 18.6 million rentable square feet, which includes 18 properties totaling 806,000 square feet held through joint ventures. 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](http://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, 2006.*

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

	Three Months Ended December 31,	
	2007	2006
Revenues		
Real estate revenues	\$ 94,794	\$ 77,491
Service operations revenues	8,498	14,844
Total revenues	<u>103,292</u>	<u>92,335</u>

Expenses		
Property operating expenses	31,133	25,447
Depreciation and other amortization associated with real estate operations	26,312	19,916
Service operations expenses	8,330	14,220
General and administrative expenses	5,402	5,042
Total operating expenses	71,177	64,625
Operating income	32,115	27,710
Interest expense	(20,771)	(18,625)
Amortization of deferred financing costs	(970)	(949)
Income from continuing operations before equity in loss of unconsolidated entities, income taxes and minority interests	10,374	8,136
Equity in loss of unconsolidated entities	(27)	(52)
Income tax expense	(89)	(264)
Income from continuing operations before minority interests	10,258	7,820
Minority interests in income from continuing operations	(1,058)	(797)
Income from continuing operations	9,200	7,023
Income from discontinued operations, net	368	2,564
Income before gain on sales of real estate	9,568	9,587
Gain on sales of real estate, net	361	—
Net income	9,929	9,587
Preferred share dividends	(4,025)	(3,790)
Issuance costs associated with redeemed preferred shares	—	(2,067)
<b>Net income available to common shareholders</b>	<b>\$ 5,904</b>	<b>\$ 3,730</b>

#### Earnings per share "EPS" computation

Numerator:	\$ 5,904	\$ 3,730
Denominator:		
Weighted average common shares - basic	46,947	42,439
Dilutive effect of share-based compensation awards	914	1,641
Weighted average common shares - diluted	47,861	44,080

#### EPS

<b>Basic</b>	<b>\$ 0.13</b>	<b>\$ 0.09</b>
<b>Diluted</b>	<b>\$ 0.12</b>	<b>\$ 0.08</b>

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

	Three Months Ended December 31,	
	2007	2006
<b>Net income</b>	\$ 9,929	\$ 9,587
Add: Real estate-related depreciation and amortization	26,607	19,768
Add: Depreciation and amortization on unconsolidated real estate entities	163	345
Less: Depreciation and amortization allocable to minority interests in other consolidated entities	(51)	(41)
(Less) add: (Gain) loss on sales of real estate, net of taxes, excluding development portion	(1,049)	71
Funds from operations ("FFO")	35,599	29,730
Add: Minority interests-common units in the Operating Partnership	1,258	1,204
Less: Preferred share dividends	(4,025)	(3,790)
Less: Issuance costs associated with redeemed preferred shares	—	(2,067)
<b>Funds from Operations - basic and diluted ("Basic and Diluted FFO")</b>	<b>32,832</b>	<b>25,077</b>
Less: Straight-line rent adjustments	(2,680)	(2,484)
Less: Recurring capital expenditures	(6,504)	(6,387)
Less: Amortization of deferred market rental revenue	(416)	(578)
Add: Issuance costs associated with redeemed preferred shares	—	2,067
<b>Adjusted Funds from Operations - diluted ("Diluted AFFO")</b>	<b>\$ 23,232</b>	<b>\$ 17,695</b>
Weighted average shares		
Weighted average common shares	46,947	42,439
Conversion of weighted average common units	8,167	8,495
Weighted average common shares/units - basic FFO per share	55,114	50,934
Dilutive effect of share-based compensation awards	914	1,641
Weighted average common shares/units - diluted FFO per share	56,028	52,575
Diluted FFO per common share	\$ 0.59	\$ 0.48
Dividends/distributions per common share/unit	\$ 0.34	\$ 0.31
Earnings payout ratio	272.6%	356.4%
Diluted FFO payout ratio	57.5%	63.5%
Diluted AFFO payout ratio	81.2%	89.9%
EBITDA interest coverage ratio	2.95x	2.71x

EBITDA fixed charge coverage ratio	2.45x	2.24x
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**Reconciliation of denominators for diluted EPS and diluted FFO per share**

Denominator for diluted EPS	47,861	44,080
Weighted average common units	8,167	8,495
Denominator for diluted FFO per share	56,028	52,575

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

	Year Ended December 31,	
	2007	2006
<b>Revenues</b>		
Real estate revenues	\$ 368,949	\$ 293,578
Service operations revenues	41,225	60,084
Total revenues	410,174	353,662
<b>Expenses</b>		
Property operating expenses	123,282	92,907
Depreciation and other amortization associated with real estate operations	106,331	78,054
Service operations expenses	39,793	57,345
General and administrative expenses	20,523	16,936
Total operating expenses	289,929	245,242
Operating income	120,245	108,420
Interest expense	(82,032)	(70,260)
Amortization of deferred financing costs	(3,676)	(2,847)
Gain on sale of non-real estate investment	1,033	—
Income from continuing operations before equity in loss of unconsolidated entities, income taxes and minority interests	35,570	35,313
Equity in loss of unconsolidated entities	(224)	(92)
Income tax expense	(569)	(887)
Income from continuing operations before minority interests	34,777	34,334
Minority interests in income from continuing operations	(3,398)	(3,826)
Income from continuing operations	31,379	30,508
Income from discontinued operations, net	1,845	17,987
Income before gain on sales of real estate	33,224	48,495
Gain on sales of real estate, net	1,560	732
Net income	34,784	49,227
Preferred share dividends	(16,068)	(15,404)
Issuance costs associated with redeemed preferred shares	—	(3,896)
<b>Net income available to common shareholders</b>	<b>\$ 18,716</b>	<b>\$ 29,927</b>
<b>Earnings per share "EPS" computation</b>		
Numerator:	\$ 18,716	\$ 29,927
Denominator:		
Weighted average common shares - basic	46,527	41,463
Dilutive effect of share-based compensation awards	1,103	1,799
Weighted average common shares - diluted	47,630	43,262
<b>EPS</b>		
Basic	\$ 0.40	\$ 0.72
Diluted	\$ 0.39	\$ 0.69

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

	Year Ended December 31,	
	2007	2006
<b>Net income</b>	\$ 34,784	\$ 49,227
Add: Real estate-related depreciation and amortization	106,260	78,631
Add: Depreciation and amortization on unconsolidated real estate entities	666	910
Less: Depreciation and amortization allocable to minority interests in other consolidated entities	(188)	(163)
Less: Gain on sales of real estate, net of taxes, excluding development portion	(3,827)	(17,644)



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

	Three Months Ended December 31,		Year Ended December 31,	
	2007	2006	2007	2006
<b>Reconciliation of dividends for Earnings Payout Ratio to dividends and distributions for FFO &amp; AFFO Payout Ratio</b>				
Common share dividends for earnings payout ratio	\$16,097	\$13,292	\$61,331	\$49,670
Common unit distributions	2,777	2,622	10,682	9,996
Dividends and distributions for FFO & AFFO payout ratio	<u>\$18,874</u>	<u>\$15,914</u>	<u>\$72,013</u>	<u>\$59,666</u>
<b>Reconciliation of numerators for diluted EPS and diluted FFO as reported to numerators for diluted EPS and diluted FFO excluding issuance costs associated with redeemed preferred shares</b>				
Numerator for diluted EPS, as reported	\$5,904	\$3,730	\$18,716	\$29,927
Add: Issuance costs associated with redeemed preferred shares	—	2,067	—	3,896
Numerator for diluted EPS, as adjusted	<u>\$5,904</u>	<u>\$5,797</u>	<u>\$18,716</u>	<u>\$33,823</u>
Numerator for diluted FFO, as reported	\$32,832	\$25,077	\$125,309	\$98,937
Add: Issuance costs associated with redeemed preferred shares	—	2,067	—	3,896
Numerator for diluted FFO, as adjusted	<u>\$32,832</u>	<u>\$27,144</u>	<u>\$125,309</u>	<u>\$102,833</u>
<b>Reconciliation of GAAP net income to earnings before interest, income taxes, depreciation and amortization ("EBITDA")</b>				
Net income	\$9,929	\$9,587		
Interest expense on continuing operations	20,771	18,625		
Interest expense on discontinued operations	28	260		
Income tax expense	1,201	264		
Real estate-related depreciation and amortization	26,607	19,768		
Amortization of deferred financing costs-continuing operations	970	949		
Other depreciation and amortization	358	313		
Minority interests	1,391	1,329		
EBITDA	<u>\$61,255</u>	<u>\$51,095</u>		
<b>Reconciliation of interest expense from continuing operations to the denominators for interest coverage-EBITDA and fixed charge coverage-EBITDA</b>				
Interest expense from continuing operations	\$20,771	\$18,625		
Interest expense from discontinued operations	28	260		
Denominator for interest coverage-EBITDA	<u>20,799</u>	<u>18,885</u>		
Preferred share dividends	4,025	3,790		
Preferred unit distributions	165	165		
Denominator for fixed charge coverage-EBITDA	<u>\$24,989</u>	<u>\$22,840</u>		
<b>Reconciliation of same property net operating income to same property cash net operating income and same property cash net operating income, adjusted for lease termination fees</b>				
Same property net operating income	\$52,504	\$50,348		
Less: Straight-line rent adjustments	(1,596)	(2,493)		
Less: Amortization of deferred market rental revenue	(417)	(490)		
Same property cash net operating income	<u>50,491</u>	<u>47,365</u>		
Less: Lease termination fees, gross	(200)	(798)		
Same property cash net operating income, adjusted for lease termination fees	<u>\$50,291</u>	<u>46,567</u>		

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

**Reconciliation of projected EPS-diluted to projected diluted FFO per share**

	Year Ending December 31, 2008	
	Low	High
<b>Reconciliation of numerators</b>		
Numerator for projected EPS-diluted	\$29,793	\$33,520
Less: Gain on sales of real estate, net of taxes, excluding development portion (1)	(1,258)	(1,258)
Real estate-related depreciation and amortization (2)	101,983	101,983
Minority interests-common units	5,382	6,055
Numerator for projected diluted FFO per share	<u>\$135,900</u>	<u>\$140,300</u>
<b>Reconciliation of denominators</b>		

Denominator for projected EPS-diluted	48,257	48,257
Weighted average common units	8,168	8,168
Denominator for projected diluted FFO per share	<u>56,425</u>	<u>56,425</u>
Projected EPS - diluted	\$0.62	\$0.69
Projected diluted FFO per share	<u>\$2.41</u>	<u>\$2.49</u>

(1) Reconciliation excludes any potential gains or losses from the sale of previously depreciated operating properties.

(2) The estimate of real estate-related depreciation and amortization excludes any impact of potential write-offs resulting from lease terminations.

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**Top Twenty Office Tenants of Wholly Owned Properties as of December 31, 2007 (1)**  
(Dollars in thousands)

Tenant		Number of Leases	Total Occupied Square Feet	Percentage of Total Occupied Square Feet	Total Annualized Rental Revenue (2) (3)	Percentage of Total Annualized Rental Revenue	Weighted Average Remaining Lease Term (4)
United States of America	(5)	62	2,485,800	15.1%	\$57,395	16.3%	6.4
Northrop Grumman Corporation	(6)	17	1,045,442	6.3%	26,199	7.4%	7.5
Booz Allen Hamilton, Inc.		8	714,233	4.3%	19,568	5.5%	6.5
Computer Sciences Corporation	(6)	4	454,645	2.8%	11,446	3.2%	3.4
Unisys Corporation	(7)	4	760,145	4.6%	8,843	2.5%	1.7
L-3 Communications Holdings, Inc.	(6)	3	211,493	1.3%	8,613	2.4%	6.2
General Dynamics Corporation		9	284,415	1.7%	7,249	2.1%	2.2
The Aerospace Corporation		2	231,785	1.4%	6,867	1.9%	6.9
Wachovia Corporation	(6)	4	183,577	1.1%	6,614	1.9%	10.6
Comcast Corporation		11	342,266	2.1%	6,095	1.7%	4.1
AT&T Corporation	(6)	9	337,052	2.0%	6,041	1.7%	4.8
The Boeing Company	(6)	4	143,480	0.9%	4,085	1.2%	3.7
ITT Corporation	(6)	7	168,853	1.0%	4,019	1.1%	4.8
Ciena Corporation		3	221,609	1.3%	3,675	1.0%	4.2
Science Applications International Corp.		12	170,839	1.0%	3,243	0.9%	1.1
BAE Systems PLC	(6)	7	212,339	1.3%	2,880	0.8%	3.0
The Johns Hopkins University		4	129,735	0.8%	2,863	0.8%	8.1
Merck & Co., Inc. (Unisys)	(7)	2	227,273	1.4%	2,675	0.8%	1.5
Magellan Health Services, Inc.		2	113,727	0.7%	2,478	0.7%	3.6
Wyle Laboratories, Inc.		4	174,792	1.1%	2,475	0.7%	4.7
<b>Subtotal Top 20 Office Tenants</b>		<b>178</b>	<b>8,613,500</b>	<b>52.2%</b>	<b>193,321</b>	<b>54.8%</b>	<b>5.7</b>
All remaining tenants		757	7,896,467	47.8%	159,288	45.2%	4.1
Total/Weighted Average		<u>935</u>	<u>16,509,967</u>	<u>100.0%</u>	<u>\$352,609</u>	<u>100.0%</u>	<u>5.0</u>

(1) Table excludes owner occupied leasing activity which represents 145,701 square feet with a weighted average remaining lease term of 7.3 years as of December 31, 2007.

(2) Total Annualized Rental Revenue is the monthly contractual base rent as of December 31, 2007, multiplied by 12, plus the estimated annualized expense reimbursements under existing office leases.

(3) Order of tenants is based on Annualized Rent.

(4) The weighting of the lease term was computed using Total Rental Revenue.

(5) 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.

(6) Includes affiliated organizations or agencies.

(7) Merck & Co., Inc. subleases 219,065 rentable square feet from Unisys' 960,349 leased rentable square feet in our Greater Philadelphia region.

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