
**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) **October 30, 2008 (October 29, 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))
-
-

Item 2.02. Results of Operations and Financial Condition

On October 29, 2008, the Registrant issued a press release relating to its financial results for the three months ended September 30, 2008. 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")

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.

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 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.

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 October 29, 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: October 30, 2008

CORPORATE OFFICE PROPERTIES TRUST

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

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

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Exhibit Title</u>
99.1	Press release dated October 29, 2008 for Corporate Office Properties Trust.



6711 Columbia Gateway Drive, Suite 300
Columbia, Maryland 21046
Telephone 443-285-5400
Facsimile 443-285-7650
www.copt.com
NYSE: OFC

NEWS RELEASE

FOR IMMEDIATE RELEASE

Contact:
Mary Ellen Fowler
Vice President and Treasurer
443-285-5450
maryellen.fowler@copt.com

CORPORATE OFFICE PROPERTIES TRUST
REPORTS STRONG THIRD QUARTER 2008 RESULTS

COLUMBIA, MD October 29, 2008 - Corporate Office Properties Trust (COPT) (NYSE: OFC) announced today financial and operating results for the quarter ended September 30, 2008.

Highlights

- 10.3% increase to \$.64 per share in Diluted Funds from Operations (“Diluted FFO”) or \$36.2 million for the third quarter 2008, from \$.58 or \$32.4 million for the third quarter 2007.
- Diluted earnings per share (“Diluted EPS”) of \$.19 or \$8.9 million of net income available to common shareholders for the third quarter 2008 as compared to \$.15 per diluted share or \$7.4 million of net income available to common shareholders for the third quarter 2007.
- 8.0% increase in Adjusted Funds from Operations (“AFFO”) diluted to \$25.8 million for the third quarter 2008 as compared to \$23.9 million for the third quarter 2007. 11.7% increase in AFFO to \$75.4 million for the nine months ended September 30, 2008 as compared to \$67.5 million for the nine months ended September 30, 2007.
- 93.2% occupied and 94.3% leased for our wholly-owned portfolio as of September 30, 2008.
- 1.1 million square feet of overall leasing for the third quarter 2008, including renewal, retenancing and development space.
- 79.6% renewal rate on expiring leases for the third quarter 2008, with a 26.7% increase in total straight-line rent for renewed space.
- 3.1% increase in same office property cash NOI for the quarter, excluding the effect of a \$431,000 reduction in lease termination fees. Including the effect of lower lease termination fees, same office property cash NOI increased 2.4% for the quarter. The Company’s same office portfolio for the quarter ended September 30, 2008 represents 89.9% of the rentable square feet of its consolidated portfolio and consists of 218 properties.
- 9.6% increase in quarterly common dividend from \$.34 to \$.3725 per share.
- 3.7 million common shares issued at a public offering price of \$39.00 per share. The net proceeds were used to pay down the Company’s Revolving Credit Facility.

“We are pleased with our strong third quarter results which indicate that despite a deteriorating economy, we are well positioned for the balance of 2008 and into 2009 to deliver strong FFO growth,” stated Randall M. Griffin, President and CEO, Corporate Office Properties Trust. “We have no remaining debt maturities for the balance of 2008 and have minimal debt maturities for 2009 and 2010. Our core business remains strong as demonstrated by our year to date renewal rate of 78%,” he added.

Financial Results

Revenues from real estate operations for the quarter ended September 30, 2008 were \$101.6 million, as compared to revenue for the quarter ended September 30, 2007 of \$94.1 million.

Diluted FFO payout ratio year to date was 58.5% and 61.4% for the third quarter 2008 as compared to 58.3% for the third quarter 2007. Diluted AFFO payout ratio year to date was 79.7% and 86.1% for the third quarter 2008 as compared to 79.1% for the third quarter 2007.

As of September 30, 2008, the Company had a total market capitalization of \$4.5 billion, with \$1.9 billion in debt outstanding, equating to a 41.4% debt-to-total market capitalization ratio.

As of September 30, 2008, the Company’s weighted average interest rate was 5.1% and the Company had 71.2% of the total debt subject to fixed interest rates.

For the third quarter 2008, the Company’s EBITDA to interest expense coverage ratio was 3.04x and the EBITDA to fixed charge coverage ratio was 2.53x.

Reconciliations of non-GAAP measures to the most directly comparable GAAP measures are included in the tables that follow the text of this press release.

Operating Results

At September 30, 2008, the Company’s wholly-owned portfolio of 235 office properties totaled 18.3 million square feet. The weighted average remaining lease term for the portfolio was 4.8 years and the average rental rate (including tenant reimbursements) was \$22.17 per square foot.

For the quarter ended September 30, 2008, 850,000 square feet was renewed equating to a 79.6% renewal rate, at an average committed cost of \$8.24 per square foot. Total rent on renewed space increased 26.7% on a straight-line basis, as measured from the straight-line rent in effect preceding the renewal date and increased 13.1% on a cash basis. For renewed and retenanted space of 950,000 square feet, total straight-line rent increased 23.1% and total rent on a cash basis increased 9.8%. The average committed cost for renewed and retenanted space was \$10.14 per square foot. For the nine months ended September 30, 2008, 1.6 million square feet was renewed equating to a 77.9% renewal rate, at an average committed cost of \$6.49 per square foot.

The Company recognized total lease termination fees of \$188,000, net of write-offs of related straight-line rents and accretion of intangible assets and liabilities for the quarter, as compared to \$1.2 million in the third quarter of 2007.

During the quarter, the Company signed leases for 333,000 square feet of space at the Unisys Campus in Blue Bell, Pennsylvania. Included in this total are the following:

- a new lease with Merck, Inc. to continue occupancy of the entire 219,000 square foot property located at 785 Jolly Road.

2

- a renewal of Unisys Corporation for the entire 114,000 square foot property located at 751 Jolly Road.

Development Activity

At quarter end, the Company had 2.7 million square feet under construction, development and redevelopment for a total projected cost of \$526.3 million.

The Company's land inventory (wholly-owned and joint venture) at quarter end totaled 1,872 acres that can support 16.5 million square feet of development.

During the quarter, the Company placed 44,000 square feet of development projects into service.

The Company signed leases for 122,000 square feet of space under construction and development during the quarter. Included in this total are the following:

- 39,000 square feet of the 156,000 square foot property located at 302 Sentinel Drive (302 NBP) in Annapolis Junction, Maryland, leased to a large credit worthy tenant.
- 34,000 square feet of the 146,000 square foot property located at 10807 New Allegiance Drive (Epic One) in Colorado Springs, Colorado, leased to Lockheed Martin Corporation.
- 28,000 square feet of the 106,000 square foot property located at 5520 Research Park Drive (UMBC) in Baltimore, Maryland, leased to RMF Engineering, Inc.
- 21,000 square feet of the 116,000 square foot property located at 5825 University Research Court (M Square Research Park) in College Park, Maryland.

Acquisition Activity

The Company acquired 138 acres during the quarter for \$16.1 million. Included in this total, are the following:

- 31 acre land parcel in San Antonio, Texas for \$8.1 million that can support approximately 500,000 developable square feet.
- 107 acre land parcel in close proximity to Fort Detrick in Frederick, Maryland for \$8.0 million that can support approximately 1.0 million developable square feet.

Financing and Capital Transactions

During the quarter, the Company completed the following transactions:

- Issued 3.7 million common shares at a public offering price of \$39.00 per share for net proceeds after underwriting discounts but before offering expenses of \$139.2 million. The net proceeds were used to pay down the Company's Revolving Credit Facility.
- Closed on a \$221.4 million loan requiring interest only payments for the term at variable rate of LIBOR plus 225 basis points. The loan has a four year term with an option to extend by an additional year. The Company used \$63.5 million of the proceeds to repay construction loan facilities due to mature in 2008, \$11.8 million to repay borrowings under the Company's Construction Revolver, \$142.0 million to repay borrowings under the Company's Revolving Credit Facility and the balance to fund transaction costs.

3

- The aggregate amount of maturing debt repaid by the Company totaled \$187.6 million during the quarter, excluding scheduled principal amortization payments and repayments of our revolving credit facilities. The Company has no remaining debt scheduled to mature during 2008 and only \$92.8 million of loans maturing in 2009.

Subsequent Event

The Company placed into service 91,000 square feet in two properties located at 7700 Potranco Road in San Antonio, Texas, leased entirely to a large credit worthy tenant.

Earnings Guidance

The Company's 2008 EPS guidance has been revised from a range of \$.62 to \$.70 to a range of \$.70 to \$.73 per diluted share.

The Company's 2008 FFO guidance has been revised from a range of \$2.42 to \$2.48 to a range of \$2.43 to \$2.46 per diluted share, representing FFO growth of 8.5% to 9.8% compared to 2007 actual results.

Conference Call

The Company will hold an investor/analyst conference call:

Within the United States:

Conference Call and Webcast Date: Thursday, October 30, 2008

Time: 11:00 a.m. Eastern Time

Dial In Number: 888-713-4215

Passcode: 27345433

Outside the United States:

Conference Call and Webcast Date: Thursday, October 30, 2008

Time: 11:00 a.m. Eastern Time

Dial In Number: 617-213-4867

Passcode: 27345433

A replay of this call will be available beginning Thursday, October 30 at 1:00 p.m. Eastern Time through Thursday, November 13 at midnight Eastern Time. To access the replay, please call 888-286-8010 and use passcode 51167930.

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.

Please use the following link to pre-register and view important information about this conference call. Pre-registering is not mandatory but is recommended as it will provide you immediate entry into the call and will facilitate the timely start of the conference. Pre-registration only takes a few moments and you may pre-register at anytime, including up to and after the call start time. To pre-register, please click on the below link:
<https://www.theconferencingservice.com/prereg/key.process?key=PG3YGJYDN>

4

You may also pre-register in the Investor Relations section of the Company's website at www.copt.com. Alternatively, you may be placed into the call by an operator by calling the number provided above at least 5 to 10 minutes before the start of the call.

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 non-GAAP measures to the most directly comparable GAAP measures are included in the attached tables.

Company Information

Corporate Office Properties Trust (COPT) (NYSE: OFC) is a specialty office real estate investment trust (REIT) that focuses on strategic customer relationships and specialized tenant requirements in the U.S. Government, Defense Information Technology and Data sectors. The Company acquires, develops, manages and leases properties which are typically concentrated in large office parks primarily located adjacent to government demand drivers and/or in growth corridors. As of September 30, 2008, the Company owned 254 office and data properties totaling 19.1 million rentable square feet, which includes 19 properties totaling 847,000 square feet held through joint ventures. The Company's portfolio primarily consists of technically sophisticated buildings in visually appealing settings that are environmentally sensitive, sustainable and meet unique customer requirements. More information on COPT can be found 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, 2007.

5

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

	Three Months Ended September 30,	
	2008	2007
Revenues		
Real estate revenues	\$ 101,644	\$ 94,102
Service operations revenues	90,002	10,957
Total revenues	191,646	105,059

Expenses		
Property operating expenses	35,854	31,577
Depreciation and other amortization associated with real estate operations	25,583	26,025
Service operations expenses	87,657	10,313
General and administrative expenses	6,103	5,743
Total operating expenses	155,197	73,658
Operating income	36,449	31,401
Interest expense	(20,506)	(20,968)
Amortization of deferred financing costs	(1,169)	(901)
Gain on sales of non-real estate investments	1	—
Income from continuing operations before equity in loss of unconsolidated entities, income taxes and minority interests	14,775	9,532
Equity in loss of unconsolidated entities	(57)	(46)
Income tax expense	(97)	(197)
Income from continuing operations before minority interests	14,621	9,289
Minority interests in income from continuing operations	(1,668)	(942)
Income from continuing operations	12,953	8,347
(Loss) income from discontinued operations, net	(8)	2,046
Income before gain on sales of real estate	12,945	10,393
Gain on sales of real estate, net	4	1,038
Net income	12,949	11,431
Preferred share dividends	(4,025)	(4,025)
Net income available to common shareholders	\$ 8,924	\$ 7,406
Earnings per share “EPS” computation		
Numerator	\$ 8,924	\$ 7,406
Denominator:		
Weighted average common shares - basic	47,273	46,781
Dilutive effect of share-based compensation awards	916	1,005
Weighted average common shares - diluted	48,189	47,786
EPS		
Basic	\$ 0.19	\$ 0.16
Diluted	\$ 0.19	\$ 0.15

6

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

	Three Months Ended September 30,	
	2008	2007
Net income	\$ 12,949	\$ 11,431
Add: Real estate-related depreciation and amortization	25,583	26,266
Add: Depreciation and amortization on unconsolidated real estate entities	162	166
Less: Depreciation and amortization allocable to minority interests in other consolidated entities	(74)	(48)
Gain on sales of real estate, excluding development portion	—	(2,789)
Funds from operations (“FFO”)	38,620	35,026
Add: Minority interests-common units in the Operating Partnership	1,592	1,351
Less: Preferred share dividends	(4,025)	(4,025)
Funds from operations - basic and diluted (“Basic and Diluted FFO”)	36,187	32,352
Less: Straight-line rent adjustments	(2,850)	(3,247)
Less: Recurring capital expenditures	(7,008)	(4,664)
Less: Amortization of deferred market rental revenue	(555)	(585)
Adjusted funds from operations - diluted (“Diluted AFFO”)	\$ 25,774	\$ 23,856
Weighted average shares		
Weighted average common shares	47,273	46,781
Conversion of weighted average common units	8,130	8,297
Weighted average common shares/units - basic FFO per share	55,403	55,078
Dilutive effect of share-based compensation awards	916	1,005
Weighted average common shares/units - diluted FFO per share	56,319	56,083
Diluted FFO per common share	\$ 0.64	\$ 0.58
Dividends/distributions per common share/unit	\$ 0.3725	\$ 0.3400
Earnings payout ratio	215.0%	217.3%
Diluted FFO payout ratio	61.4%	58.3%
Diluted AFFO payout ratio	86.1%	79.1%
EBITDA interest coverage ratio	3.04 x	2.92 x
EBITDA fixed charge coverage ratio	2.53 x	2.44 x
Reconciliation of denominators for diluted EPS and diluted FFO per share		
Denominator for diluted EPS	48,189	47,786
Weighted average common units	8,130	8,297

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

	Nine Months Ended September 30,	
	2008	2007
Revenues		
Real estate revenues	\$ 296,906	\$ 273,344
Service operations revenues	123,040	32,727
Total revenues	<u>419,946</u>	<u>306,071</u>
Expenses		
Property operating expenses	104,353	92,168
Depreciation and other amortization associated with real estate operations	75,430	78,811
Service operations expenses	120,090	31,463
General and administrative expenses	18,072	15,946
Total operating expenses	<u>317,945</u>	<u>218,388</u>
Operating income	102,001	87,683
Interest expense	(60,252)	(61,181)
Amortization of deferred financing costs	(2,882)	(2,706)
Gain on sales of non-real estate investments	52	1,033
Income from continuing operations before equity in loss of unconsolidated entities, income taxes and minority interests	38,919	24,829
Equity in loss of unconsolidated entities	(167)	(197)
Income tax expense	(102)	(480)
Income from continuing operations before minority interests	38,650	24,152
Minority interests in income from continuing operations	(4,469)	(2,282)
Income from continuing operations	34,181	21,870
Income from discontinued operations, net	2,179	1,786
Income before gain on sales of real estate	36,360	23,656
Gain on sales of real estate, net	837	1,199
Net income	<u>37,197</u>	<u>24,855</u>
Preferred share dividends	(12,076)	(12,043)
Net income available to common shareholders	<u>\$ 25,121</u>	<u>\$ 12,812</u>
Earnings per share "EPS" computation		
Numerator	<u>\$ 25,121</u>	<u>\$ 12,812</u>
Denominator:		
Weighted average common shares - basic	47,128	46,386
Dilutive effect of share-based compensation awards	820	1,180
Weighted average common shares - diluted	<u>47,948</u>	<u>47,566</u>
EPS		
Basic	<u>\$ 0.53</u>	<u>\$ 0.28</u>
Diluted	<u>\$ 0.52</u>	<u>\$ 0.27</u>

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

	Nine Months Ended September 30,	
	2008	2007
Net income	\$ 37,197	\$ 24,855
Add: Real estate-related depreciation and amortization	75,482	79,653
Add: Depreciation and amortization on unconsolidated real estate entities	489	503
Less: Depreciation and amortization allocable to minority interests in other consolidated entities	(198)	(137)
Gain on sales of real estate, excluding development portion	(2,630)	(2,778)
Funds from operations ("FFO")	110,340	102,096
Add: Minority interests-common units in the Operating Partnership	4,501	2,424
Less: Preferred share dividends	(12,076)	(12,043)
Funds from Operations - basic and diluted ("Basic and Diluted FFO")	102,765	92,477
Less: Straight-line rent adjustments	(8,284)	(9,042)
Less: Recurring capital expenditures	(17,611)	(14,331)
Less: Amortization of deferred market rental revenue	(1,458)	(1,569)
Adjusted funds from operations - diluted ("Diluted AFFO")	<u>\$ 75,412</u>	<u>\$ 67,535</u>
Weighted average shares		

Weighted average common shares	47,128	46,386
Conversion of weighted average common units	8,145	8,339
Weighted average common shares/units - basic FFO per share	55,273	54,725
Dilutive effect of share-based compensation awards	820	1,180
Weighted average common shares/units - diluted FFO per share	56,093	55,905
Diluted FFO per common share	\$ 1.83	\$ 1.65
Dividends/distributions per common share/unit	\$ 1.0525	\$ 0.9600
Earnings payout ratio	205.2%	353.1%
Diluted FFO payout ratio	58.5%	57.5%
Diluted AFFO payout ratio	79.7%	78.7%
Reconciliation of denominators for diluted EPS and diluted FFO per share		
Denominator for diluted EPS	47,948	47,566
Weighted average common units	8,145	8,339
Denominator for diluted FFO per share	56,093	55,905

9

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

	September 30, 2008	December 31, 2007
Balance Sheet Data (in thousands) (as of period end)		
Investment in real estate, net of accumulated depreciation	\$ 2,743,576	\$ 2,603,939
Total assets	3,099,728	2,931,853
Debt	1,856,280	1,825,842
Total liabilities	2,025,661	1,979,116
Minority interests	141,526	130,095
Beneficiaries' equity	932,541	822,642
Debt to total assets	59.9%	62.3%
Debt to undepreciated book value of real estate assets	58.3%	60.8%
Debt to total market capitalization	41.4%	48.0%
Property Data (wholly owned properties) (as of period end)		
Number of operating properties owned	235	228
Total net rentable square feet owned (in thousands)	18,283	17,832
Occupancy	94.3%	92.6%
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	\$ 3,099,728	\$ 2,931,853
Assets other than assets included in investment in real estate	(356,152)	(327,914)
Accumulated depreciation on real estate assets	339,429	288,747
Intangible assets on real estate acquisitions, net	98,282	108,661
Denominator for debt to undepreciated book value of real estate assets	\$ 3,181,287	\$ 3,001,347

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
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	\$ 6,305	\$ 4,605	\$ 14,883	\$ 18,795
Total capital improvements on operating properties	3,179	2,514	6,827	6,482
Total leasing costs on operating properties	999	719	2,764	5,712
Less: Nonrecurring tenant improvements and incentives on operating properties	(1,995)	(1,887)	(4,077)	(11,381)
Less: Nonrecurring capital improvements on operating properties	(1,299)	(1,198)	(2,667)	(3,052)
Less: Nonrecurring leasing costs incurred on operating properties	(217)	(89)	(269)	(2,281)
Add: Recurring improvements on operating properties held through joint ventures	36	—	150	56
Recurring capital expenditures	\$ 7,008	\$ 4,664	\$ 17,611	\$ 14,331

10

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007

Reconciliation of dividends for earnings payout ratio to dividends and distributions for FFO & AFFO payout ratio				
Common share dividends for earnings payout ratio	\$ 19,183	\$ 16,092	\$ 51,553	\$ 45,234
Common unit distributions	3,021	2,777	8,564	7,905
Dividends and distributions for FFO & AFFO payout ratio	<u>\$ 22,204</u>	<u>\$ 18,869</u>	<u>\$ 60,117</u>	<u>\$ 53,139</u>

Reconciliation of GAAP net income to earnings before interest, income taxes, depreciation and amortization ("EBITDA")

Net income	\$ 12,949	\$ 11,431		
Interest expense on continuing operations	20,506	20,968		
Interest expense on discontinued operations	—	177		
Income tax expense	97	197		
Real estate-related depreciation and amortization	25,583	26,266		
Amortization of deferred financing costs-continuing operations	1,169	901		
Other depreciation and amortization	401	339		
Minority interests	1,667	1,504		
EBITDA	<u>\$ 62,372</u>	<u>\$ 61,783</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	\$ 20,506	\$ 20,968		
Interest expense from discontinued operations	—	177		
Denominator for interest coverage-EBITDA	20,506	21,145		
Preferred share dividends	4,025	4,025		
Preferred unit distributions	165	165		
Denominator for fixed charge coverage-EBITDA	<u>\$ 24,696</u>	<u>\$ 25,335</u>		

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

Same property net operating income	\$ 61,294	\$ 60,879		
Less: Straight-line rent adjustments	(2,001)	(2,816)		
Less: Amortization of deferred market rental revenue	(381)	(506)		
Same property cash net operating income	<u>\$ 58,912</u>	<u>\$ 57,557</u>		
Less: Lease termination fees, gross	(188)	(619)		
Same property cash net operating income, adjusted for lease termination fees	<u>\$ 58,724</u>	<u>\$ 56,938</u>		

11

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
Reconciliation of numerators		
Numerator for projected EPS-diluted	\$ 34,311	\$ 35,773
Less: Gain on sales of real estate, net of taxes, excluding development portion (1)	(2,630)	(2,630)
Real estate-related depreciation and amortization (2)	101,429	101,429
Minority interests-common units	6,007	6,263
Numerator for projected diluted FFO per share	<u>\$ 139,117</u>	<u>\$ 140,835</u>
Reconciliation of denominators		
Denominator for projected EPS-diluted	49,122	49,122
Weighted average common units	8,128	8,128
Denominator for projected diluted FFO per share	<u>57,250</u>	<u>57,250</u>
Projected EPS - diluted	<u>\$ 0.70</u>	<u>\$ 0.73</u>
Projected diluted FFO per share	<u>\$ 2.43</u>	<u>\$ 2.46</u>

(1) Reconciliation excludes any potential gains or losses from the future 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.

12

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)	66	2,496,636	14.7%	\$ 60,530	16.0%	6.3
Northrop Grumman Corporation	(6)	16	1,139,591	6.7%	28,457	7.5%	7.5
Booz Allen Hamilton, Inc.		8	710,692	4.2%	19,932	5.3%	5.8
Computer Sciences Corporation	(6)	4	454,533	2.7%	11,875	3.1%	2.8
L-3 Communications Holdings, Inc.	(6)	5	267,354	1.6%	9,590	2.5%	5.5
Unisys Corporation	(7)	5	760,145	4.5%	9,048	2.4%	2.5
General Dynamics Corporation	(6)	9	288,600	1.7%	7,668	2.0%	1.9
The Aerospace Corporation		3	245,598	1.4%	7,268	1.9%	6.4
ITT Corporation	(6)	14	290,312	1.7%	6,833	1.8%	5.6
Wachovia Corporation	(6)	4	183,577	1.1%	6,613	1.8%	9.9
Comcast Corporation	(6)	11	342,266	2.0%	6,509	1.7%	3.4
AT&T Corporation	(6)	8	306,988	1.8%	5,692	1.5%	4.6
Ciena Corporation		4	229,848	1.3%	4,200	1.1%	3.6
The Boeing Company	(6)	4	143,480	0.8%	4,199	1.1%	2.9
BAE Systems PLC	(6)	7	212,339	1.2%	3,164	0.8%	4.0
Science Applications International Corp.	(6)	9	137,142	0.8%	2,957	0.8%	1.1
The Johns Hopkins Institutions	(6)	4	124,749	0.7%	2,911	0.8%	7.8
Merck & Co., Inc. (Unisys)	(6) (7)	2	227,273	1.3%	2,747	0.7%	3.5
Magellan Health Services, Inc.		2	113,727	0.7%	2,673	0.7%	2.8
AARP		1	104,695	0.6%	2,571	0.7%	13.2
Subtotal Top 20 Office Tenants		186	8,779,545	51.5%	205,436	54.4%	5.6
All remaining tenants		771	8,253,548	48.5%	172,177	45.6%	3.8
Total/Weighted Average		<u>957</u>	<u>17,033,093</u>	<u>100.0%</u>	<u>\$ 377,613</u>	<u>100.0%</u>	<u>4.8</u>

- (1) Table excludes owner occupied leasing activity which represents 150,373 square feet with a weighted average remaining lease term of 6.5 years as of September 30, 2008.
- (2) Total Annualized Rental Revenue is the monthly contractual base rent as of September 30, 2008, 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.