

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

SCHEDULE 14A

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

Filed by the Registrant x

Filed by a Party other than the Registrant o

Check the appropriate box:

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

Corporate Office Properties Trust

(Name of Registrant as Specified In Its Charter)

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

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

6711 Columbia Gateway Drive, Suite 300

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

Facsimile 443-285-7650

www.copt.com

NYSE: OFC

To: Our Shareholders

From: Randall M. Griffin

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

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

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

I look forward to seeing you at the Annual Meeting.

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

6711 Columbia Gateway Drive, Suite 300

Columbia, Maryland 21046-2104
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Facsimile 443-285-7650

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NYSE: OFC

April 6, 2007

Notice of Annual Meeting of Shareholders

Date: Thursday, May 17, 2007

Time: 9:30 a.m.

Place: Corporate Office Properties Trust

6711 Columbia Gateway Drive

Suite 300

Columbia, Maryland 21046

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

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

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

By order of the Board of Trustees,

/s/ Karen M. Singer
Karen M. Singer
Senior Vice President, General Counsel and Secretary

PROXY STATEMENT

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

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General Information

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

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

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

What will shareholders be voting on at the Annual Meeting?

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

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

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

How do I vote?

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

What is a proxy?

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

How do I vote using my proxy card?

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

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

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

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

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

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

How will my proxy vote my shares?

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

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

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

How do I revoke my proxy?

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

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

Who will count the votes?

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

What constitutes a quorum?

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

How will my vote be counted?

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

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

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

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

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

What vote is required to elect Trustees?

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

What vote is required on other matters?

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Proposal 1 Election of Trustees

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

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

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

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

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

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

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

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

Our Board of Trustees

How is the Board of Trustees classified?

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

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

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

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

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

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

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

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

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

How do we determine whether our Trustees are independent?

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

Are our Trustees independent of Corporate Office Properties Trust?

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

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

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

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

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

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

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

How are the Trustees compensated?

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

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

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

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

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

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

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

What are the current committees of our Board of Trustees?

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

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

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

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

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

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

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

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

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

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

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

How are our Trustees nominated?

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

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

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

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

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

Our Executive Officers

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

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

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

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

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

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

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

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

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

* Represents less than one percent.

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

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

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

Compensation Discussion and Analysis

Overview

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

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

Role of the Compensation Committee

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

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

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

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