

SAUL B FRANCIS III  
 Form 4  
 January 05, 2006

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
 SAUL B FRANCIS III

2. Issuer Name and Ticker or Trading Symbol  
 SAUL CENTERS INC [BFS]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)  
 7501 WISCONSIN AVENUE, 15TH FLOOR

3. Date of Earliest Transaction (Month/Day/Year)  
 01/03/2006

Director  10% Owner  
 Officer (give title below)  Other (specify below)  
 President

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

BETHESDA, MD 20814

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
Common Shares				(A) or (D)	2,462.409 <sup>(6)</sup>	D	
Common Shares				(A) or (D)	12,000	I	Beneficiary of Trust

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

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**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Security (Instr. 3 and 4)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount
Employee Stock Option	\$ 25.78					04/26/2005 <sup>(1)</sup>	04/26/2014	Common Stock	40
Employee Stock Option	\$ 24.91					05/23/2004 <sup>(1)</sup>	05/23/2013	Common Stock	40
Stock Option	\$ 25.78					04/26/2004	04/26/2014	Common Stock	2,
Stock Option	\$ 33.22					05/06/2005	05/06/2015	Common Stock	40
Phantom Stock <sup>(5)</sup>	<u>(2)</u>	01/03/2006		A	163.632	<u>(3)</u>	<u>(3)</u>	Common Stock	163
Stock Option	\$ 33.22					05/06/2004	05/06/2015	Common Stock	2,

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
SAUL B FRANCIS III 7501 WISCONSIN AVENUE 15TH FLOOR BETHESDA, MD 20814	X		President	

## Signatures

Scott V. Schneider, by Power of Attorney

01/05/2006

\*\*Signature of Reporting Person

Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) The option will vest 25% per year over four years from the date of grant.

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- (2) 1 for 1
- (3) Under the terms of the reporting person's Deferred Fee Agreement, payment of shares of the issuer's common stock commences at such time as the reporting person ceases to be a director of the issuer. Payment will be a lump sum upon termination of directorship.
- Includes 160.884 shares (\$33.9500/share) awarded October 31, 2005 as dividend reinvestments on shares of phantom stock held by the
- (4) reporting person pursuant to the issuer's Deferred Compensation Plan under its 2004 Stock Plan and shares of phantom stock issued under the issuer's Deferred Compensation and Stock Plan for Directors.
- Pursuant to the issuer's Deferred Compensation Plan under its 2004 Stock Plan and the Deferred Fee Agreement executed by the reporting
- (5) person, the reporting person has elected to defer receipt of his director's fees, and receive phantom stock, the amount of which is calculated as the quotient of the dollar value of fees deferred, divided by the fair market value of the issuer's shares on the date the phantom stock is received.
- (6) Balance increased by October 31, 2005 Dividend Reinvestment Plan award of 23.981 shares.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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