

KELLEY PAUL X  
 Form 4  
 January 06, 2009

**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 \*  
**KELLEY PAUL X**

(Last) (First) (Middle)

7501 WISCONSIN AVENUE, 15TH FLOOR

(Street)

BETHESDA, MD 20814

(City) (State) (Zip)

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

3. Date of Earliest Transaction (Month/Day/Year)  
 01/02/2009

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

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

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

**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 Ownership (Instr. 4)
Common Shares				(A) or (D) Price	18,568.581 <sup>(4)</sup>	D	

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

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SEC 1474 (9-02)

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

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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 Securities (Instr. 3 and 4)				
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount Number Shares
Stock Option	\$ 25.78							04/26/2004	04/26/2014	Common Stock	2,500
Stock Option	\$ 33.22							05/06/2005	05/06/2015	Common Stock	2,500
Phantom Stock <sup>(1)</sup>	\$ 38.52 <sub>(2)</sub>	01/02/2009		A		255.713		<u>(3)</u>	<u>(3)</u>	Common Stock	255.71
Stock Option	\$ 40.35							05/01/2006	05/01/2016	Common Stock	2,500
Stock Option	\$ 54.17							04/27/2007	04/27/2017	Common Stock	2,500
Stock Option	\$ 50.15							04/25/2008	04/25/2018	Common Stock	2,500

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
KELLEY PAUL X 7501 WISCONSIN AVENUE 15TH FLOOR BETHESDA, MD 20814	X			

## Signatures

Scott V. Schneider, by Power of Attorney  
01/06/2009

\*\*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).  
 Pursuant to the issuer's Deferred Compensation Plan under its 2004 Stock Plan and the Deferred Fee Agreement executed by the reporting 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.
- (1) 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 the earlier of 01/01/2010, or such time as the reporting person ceases to be a director of the issuer. Payment is made in equal annual

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installments over a period of 5 years starting on the date of the initial payment.

- (4) Balance increased by October 31, 2008 Dividend Reinvestment Plan award of 208.067 shares.

Includes 153.062 shares (\$34.2459/share) awarded October 31, 2008 as dividend reinvestments on shares of phantom stock held by the

- (5) 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 Stock Plan for Directors.

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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