

FORM 4

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

| OMB APPROVAL | |
|--|------------------|
| OMB Number: | 3235-0287 |
| Expires: | January 31, 2008 |
| Estimated average burden hours per response... | 0.5 |

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 | | | 2. Issuer Name and Ticker or Trading Symbol SAUL CENTERS INC [BFS] | | | 5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input type="checkbox"/> Director <input type="checkbox"/> 10% Owner <input type="checkbox"/> Officer (give title below) <input type="checkbox"/> Other (specify below) | | | | | | |
| (Last) | (First) | (Middle) | 3. Date of Earliest Transaction (Month/Day/Year) 05/01/2006 | | | | | | | | | |
| (Street) Bethesda, MD 20814 | | | 4. If Amendment, Date of Original Filed (Month/Day/Year) | | | 6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> Form filed by More than One Reporting Person | | | | | | |
| (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) |
| | | | | | Code | V | Amount | (A) or (D) | Price | | | |
| Common Shares | | 05/01/2006 | | | A | | 200 | A | \$40.35 | 13,509.222 | D | |
| Common Shares | | | | | | | | | | 3,100 | D | |

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

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number. SEC 1474 (9-02)

**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 Securities (Instr. 3 and 4) | | 8. Price of Derivative Security (Instr. 5) | 9. Number of Derivative Securities Beneficially Owned Following Reported Transaction (s) (Instr. 4) | 10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 4) | 11. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---|--|---|---|-----------------------------------|---|--|-----|---|-----------------|--|----------------------------|---|--|---|---|
| | | | | Code | V | (A) | (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares | | | | |
| Stock Option | \$25.78 | | | | | | | 04/26/2004 | 04/26/2014 | Common Stock | 2,500 | | 2,500 | D | |
| | | | | | | | | | | Common | | | | | |

| | | | | | | | | | | | | | | | |
|------------------------------|----------------|------------|--|---|--|-------|--|----------------|----------------|--------------|---------|---------|-----------|---|--|
| Stock Option | \$33.22 | | | | | | | 05/06/2005 | 05/06/2015 | Stock | 2,500 | | 2,500 | D | |
| Phantom Stock ⁽¹⁾ | ⁽²⁾ | | | | | | | ⁽³⁾ | ⁽³⁾ | Common Stock | 232.585 | | 8,078.224 | D | |
| Stock Option | \$40.35 | 05/01/2006 | | A | | 2,500 | | 05/01/2006 | 05/01/2016 | Common Stock | 2,500 | \$40.35 | 2,500 | D | |

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

05/03/2006

^{**}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).
 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
 (1) director's fees, and recieve 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.
 (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 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 installments over a period of 5 years starting on the date of the initial payment.

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

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.