

☐ 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

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 checked="" type="checkbox"/> Director <input type="checkbox"/> 10% Owner <input type="checkbox"/> Officer (give title below) <input type="checkbox"/> Other (specify below)											
(Last)                                      (First)                                      (Middle) 7501 Wisconsin Avenue, 15th Floor			3. Date of Earliest Transaction (Month/Day/Year) 10/01/2004																	
(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)			<b>Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned</b>																	
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
Common Shares													12,204.496 <sup>(1)</sup>				D			
Common Shares													3,100				D			

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SEC 1474 (9-02)

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	
Phantom Stock <sup>(2)</sup>	<sup>(3)</sup>	10/01/2004		A		295.974		<sup>(4)</sup>	<sup>(4)</sup>	Common Stock	295.974	\$33.28	6,008.903 <sup>(5)</sup>	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

Paul X. Kelley

10/05/2004

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) Balance increased by July 30, 2004 Dividend Reinvestment Plan award of 161.402 shares.
- (2) 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 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.
- (3) 1 for 1
- (4) 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.
- (5) Includes 75.553 shares (\$29.1000/share) awarded July 30, 2004 as dividend reinvestments on shares of phantom stock held by the 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.

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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