

FARRINGTON CRAIG  
Form 4  
December 05, 2006

**FORM 4** UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

OMB APPROVAL

OMB Number: 3235-0287  
Expires: January 31, 2005  
Estimated average burden hours per response... 0.5

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 \*  
FARRINGTON CRAIG

2. Issuer Name and Ticker or Trading Symbol  
COSTAR GROUP INC [CSGP]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

\_\_\_ Director \_\_\_ 10% Owner  
\_X\_ Officer (give title below) \_\_\_ Other (specify below)  
Vice President, Research

(Last) (First) (Middle)  
C/O COSTAR GROUP, INC., 2  
BETHESDA METRO CENTER,  
10TH FLOOR

3. Date of Earliest Transaction  
(Month/Day/Year)  
12/04/2006

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

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

BETHESDA, MD 20814-5388

(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 Stock, par value \$0.01 per share	12/04/2006		M		7,500	A	\$ 18.06
					11,300	(1)	D
Common Stock, par value \$0.01 per share	12/04/2006		M		5,000	A	\$ 20.3
					16,300	(2)	D
	12/04/2006		S		12,500	D	
					3,800	(4)	D

Common Stock, par value \$0.01 per share \$ 50.034 <sup>(3)</sup>

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)

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. Amount or Number of Shares
Options to acquire Common Stock	\$ 18.06	12/04/2006		M	7,500	<sup>(5)</sup> 04/16/2011	Common Stock	7,500
Options to acquire Common Stock	\$ 20.3	12/04/2006		M	5,000	<sup>(6)</sup> 06/03/2012	Common Stock	5,000

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
FARRINGTON CRAIG C/O COSTAR GROUP, INC. 2 BETHESDA METRO CENTER, 10TH FLOOR BETHESDA, MD 20814-5388			Vice President, Research	

## Signatures

/s/ Jonathan Coleman,  
Attorney-in-Fact

12/05/2006

\_\_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) Represents all shares of Common Stock owned, consisting of 7,797 shares of Common Stock and 3,503 shares of Common Stock subject to unvested Restricted Stock Grants.
- (2) Represents all shares of Common Stock owned, consisting of 12,797 shares of Common Stock and 3,503 shares of Common Stock subject to unvested Restricted Stock Grants.
- (3) Average based on sales prices ranging from \$50.00 to \$50.06.
- (4) Represents all shares of Common Stock owned, consisting of 297 shares of Common Stock and 3,503 shares of Common Stock subject to unvested Restricted Stock Grants.
- (5) The option vested in four equal installments on each of 4/17/2002, 4/17/2003, 4/2004 and 4/17/2005.
- (6) The option vested in four equal installments on each of 6/4/2003, 6/4/2004, 6/4/2005 and 6/4/2006.
- (7) Past reports filed by the reporting person showed aggregate option holdings in column 9, as opposed to holdings of a single class. As of the date hereof, after the reported transactions, the reporting person owns options of various classes with the right to acquire in the aggregate up to 57,500 shares of Common Stock of the Company.

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.