

COSTAR GROUP INC  
Form 4  
December 14, 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 \*  
FLORANCE ANDREW C

(Last) (First) (Middle)

C/O COSTAR GROUP, INC., 2  
BETHESDA METRO CENTER,  
10TH FLOOR

(Street)

BETHESDA, MD 20814-5388

(City) (State) (Zip)

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

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

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)  
President and CEO

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) |   |
|------------------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|-------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|----------------------------------------------------------|-----------------------------------|---|
|                                          |                                      |                                                    |                                | (A) or (D)                                                        | Price                                                                                         |                                                          |                                   |   |
|                                          |                                      |                                                    |                                | Code                                                              | V                                                                                             | Amount                                                   |                                   |   |
| Common Stock, par value \$0.01 per share | 12/12/2006                           |                                                    | A                              | 43,400                                                            | A                                                                                             | \$ 0                                                     | 211,130 <sup>(1)</sup>            | D |

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

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(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 Securities (Instr. 3 and 4) | Amount or Number of Shares |
|--------------------------------------------|--------------------------------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|-----------------------------------------------------------------------------------------|----------------------------------------------------------|---------------------------------------------------------------|----------------------------|
| Option to Acquire Common Stock             | \$ 51.92                                               | 12/12/2006                           |                                                    | A                              | 39,300                                                                                  | <u>(2)</u> 12/11/2016                                    | Common Stock                                                  | 39,300                     |

## Reporting Owners

| Reporting Owner Name / Address                                                                                | Relationships |           |                   |       |
|---------------------------------------------------------------------------------------------------------------|---------------|-----------|-------------------|-------|
|                                                                                                               | Director      | 10% Owner | Officer           | Other |
| FLORANCE ANDREW C<br>C/O COSTAR GROUP, INC.<br>2 BETHESDA METRO CENTER, 10TH FLOOR<br>BETHESDA, MD 20814-5388 | X             |           | President and CEO |       |

## Signatures

/s/ Jonathan Coleman,  
Attorney-in-Fact

12/14/2006

\*\*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 143,165 shares of Common Stock and 67,965 shares of Common Stock subject to unvested Restricted Stock Grants.
- (2) The option vests in three equal installments on December 12, 2007, December 12, 2008, and December 12, 2009.

As of the date hereof, after the reported transaction, the reporting person owns options of various classes with the right to acquire in the

(3) aggregate up to 423,444 shares of Common Stock of the Company. The aggregate number stated in the reporting person's Form 4 filing dated August 21, 2006, was inadvertently deficient by 50,000 shares (all of which have been previously reported).

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.