

COSTAR GROUP INC  
Form 4  
August 23, 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

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**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)  
08/21/2006

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 Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock, par value \$0.01 per share	08/21/2006		M		12,060	A	\$ 24.875
					169,797 <sup>(1)</sup>	D	
Common Stock, par value \$0.01 per share	08/21/2006		M		5,537	A	\$ 18.06
					175,334 <sup>(2)</sup>	D	
	08/21/2006		M		4,926	A	\$ 20.3
					180,260 <sup>(3)</sup>	D	

Common  
Stock, par  
value  
\$0.01 per  
share

Common  
Stock, par  
value 08/21/2006 F 12,530 D \$ 39.9 167,730 <sup>(4)</sup> D  
\$0.01 per  
share

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)	Amount or Number of Shares
					V	(A) (D)	Date Exercisable	Expiration Date		
Options to acquire Common Stock	\$ 24.875	08/21/2006		M		12,060	<sup>(5)</sup>	06/20/2010	Common Stock	12,060
Options to acquire Common Stock	\$ 18.06	08/21/2006		M		5,537	<sup>(6)</sup>	04/16/2011	Common Stock	5,537
Options to acquire Common Stock	\$ 20.3	08/21/2006		M		4,926	<sup>(7)</sup>	06/03/2012	Common Stock	4,926

## Reporting Owners

Reporting Owner Name / Address

Relationships

Director    10% Owner    Officer    Other

FLORANCE ANDREW C  
 C/O COSTAR GROUP, INC.  
 2 BETHESDA METRO CENTER, 10TH FLOOR  
 BETHESDA, MD 20814-5388

X

President and CEO

## Signatures

/s/ Jonathan Coleman,  
 Attorney-in-fact

08/23/2006

\*\*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 145,232 shares of Common Stock and 24,565 shares of Common Stock subject to unvested Restricted Stock Grants.
- (2) Represents all shares of Common Stock owned, consisting of 150,769 shares of Common Stock and 24,565 shares of Common Stock subject to unvested Restricted Stock Grants.
- (3) Represents all shares of Common Stock owned, consisting of 155,695 shares of Common Stock and 24,565 shares of Common Stock subject to unvested Restricted Stock Grants.
- (4) Represents all shares of Common Stock owned, consisting of 143,165 shares of Common Stock and 24,565 shares of Common Stock subject to unvested Restricted Stock Grants.
- (5) The option vested in four equal installments on June 21, 2001, June 21, 2002, June 21, 2003 and June 21, 2004.
- (6) The option vested in four equal installments on April 17, 2002, April 17, 2003, April 17, 2004 and April 17, 2005.
- (7) The option vested in four equal installments on June 4, 2003, June 4, 2004, June 4, 2005 and June 4, 2006.

- (8) 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 334,144 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.