

COSTAR GROUP INC  
Form 4  
November 20, 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 \*  
CARCHEDI FRANCIS

(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)  
11/16/2006

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)  
Chief Financial Officer

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 or Price   |  |   |
| Common Stock, par value \$0.01 per share | 11/16/2006                           |  | M                              |   | 15,000 A \$ 20.3  | 36,594 <sup>(1)</sup>                                    | D   |
| Common Stock, par value \$0.01 per share | 11/16/2006                           |  | M                              |   | 5,020 A \$ 24.875   | 41,614 <sup>(2)</sup>                                    | D   |
|  | 11/16/2006                           |  | S                              |   | 20,020 D  | 21,594 <sup>(4)</sup>                                    | D   |

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|  |            |  |   |        |   |                        |                   |   |
|--|------------|--|---|--------|---|------------------------|-------------------|---|
| Common Stock, par value \$0.01 per share |            |  |   |        |   | \$ 50.71<br><u>(3)</u> |                   |   |
| Common Stock, par value \$0.01 per share | 11/17/2006 |  | M | 14,980 | A | \$ 24.875              | 36,574 <u>(5)</u> | D |
| Common Stock, par value \$0.01 per share | 11/17/2006 |  | S | 14,980 | D | \$ 50.35<br><u>(6)</u> | 21,594 <u>(7)</u> | D |

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 |                            |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|----------------------------|----------------------------|
|  |  |                                      |  | Code                           | V (A) (D)   | Date Exercisable   | Expiration Date   | Title                      | Amount or Number of Shares |
| Options to acquire Common Stock            | \$ 20.3  | 11/16/2006                           |  | M                              | 15,000  | <u>(8)</u> 06/03/2012                                    | Common Stock  | 15,000                     |                            |
| Options to acquire Common Stock            | \$ 24.875  | 11/16/2006                           |  | M                              | 5,020   | <u>(9)</u> 06/20/2010                                    | Common Stock  | 5,020                      |                            |
| Options to acquire Common Stock            | \$ 24.875  | 11/17/2006                           |  | M                              | 14,980  | <u>(10)</u> 06/20/2010                                   | Common Stock  | 14,980                     |                            |

## Reporting Owners

| Reporting Owner Name / Address   | Relationships |           |                         |       |
|--|---------------|-----------|-------------------------|-------|
|  | Director      | 10% Owner | Officer                 | Other |
| CARCHEDI FRANCIS<br>C/O COSTAR GROUP, INC.<br>2 BETHESDA METRO CENTER, 10TH FLOOR<br>BETHESDA, MD 20814-5388 |               |           | Chief Financial Officer |       |

## Signatures

/s/ Jonathan Coleman,  
Attorney-in-Fact

11/20/2006

\_\_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 29,894 shares of Common Stock and 6,700 shares of Common Stock subject to unvested Restricted Stock Grants.
- (2) Represents all shares of Common Stock owned, consisting of 34,914 shares of Common Stock and 6,700 shares of Common Stock subject to unvested Restricted Stock Grants.
- (3) Average based on sales prices ranging from \$50.50 to \$50.88.
- (4) Represents all shares of Common Stock owned, consisting of 14,894 shares of Common Stock and 6,700 shares of Common Stock subject to unvested Restricted Stock Grants.
- (5) Represents all shares of Common Stock owned, consisting of 29,874 shares of Common Stock and 6,700 shares of Common Stock subject to unvested Restricted Stock Grants.
- (6) Average based on sales prices ranging from \$50.09 to \$50.67.
- (7) Represents all shares of Common Stock owned, consisting of 14,894 shares of Common Stock and 6,700 shares of Common Stock subject to unvested Restricted Stock Grants.
- (8) The option vested in four equal installments on June 4, 2003, June 4, 2004, June 4, 2005 and June 4, 2006.
- (9) The option vested in four equal installments on June 21, 2001, June 21, 2002, June 21, 2003 and June 21, 2004.
- (10) The option vested in four equal installments on June 21, 2001, June 21, 2002, June 21, 2003 and June 21, 2004.
- (11) 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 50,000 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.

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