

Radecki Brian J
Form 4
May 24, 2012

FORM 4

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

OMB APPROVAL

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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 *
Radecki Brian J

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
C/O COSTAR GROUP, INC., 1331 L STREET, NW

3. Date of Earliest Transaction (Month/Day/Year)
05/22/2012

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
Chief Financial Officer

(Street)
WASHINGTON, DC 20005

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

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

(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	05/22/2012		M		19,500	A	\$ 25	90,961 ⁽¹⁾	D
Common Stock, par value \$0.01 per share	05/22/2012		S		19,500	D	\$ 71 ⁽²⁾	71,461 ⁽³⁾	D
Common Stock, par value \$0.01 per share	05/22/2012		S		1,253	D	\$ 71.5	70,208 ⁽⁴⁾	D

Common
 Stock, par
 value \$0.01 05/23/2012 S 4,509 D \$ 71.75 65,699 ⁽⁵⁾ D
 per share

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

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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	\$ 25	05/22/2012		M	19,500	⁽⁶⁾ 03/01/2019	Common Stock	19,500

Reporting Owners

Reporting Owner Name / Address	Relationships
	Director 10% Owner Officer Other
Radecki Brian J C/O COSTAR GROUP, INC. 1331 L STREET, NW WASHINGTON, DC 20005	Chief Financial Officer

Signatures

/s/ Jonathan Coleman,
 Attorney-in-Fact 05/24/2012

__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).

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- (1) Represents all shares of Common Stock owned, consisting of 40,493 shares of Common Stock and 50,468 shares of Common Stock subject to unvested Restricted Stock Grants.
- (2) Average based on sales prices ranging from \$71.00 to \$71.08.
- (3) Represents all shares of Common Stock owned, consisting of 20,993 shares of Common Stock and 50,468 shares of Common Stock subject to unvested Restricted Stock Grants.
- (4) Represents all shares of Common Stock owned, consisting of 19,740 shares of Common Stock and 50,468 shares of Common Stock subject to unvested Restricted Stock Grants.
- (5) Represents all shares of Common Stock owned, consisting of 15,231 shares of Common Stock and 50,468 shares of Common Stock subject to unvested Restricted Stock Grants.
- (6) The option vested in three equal installments on March 2, 2010, March 2, 2011, and March 2, 2012.

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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