

COSTAR GROUP INC  
Form 10-Q  
November 04, 2009

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2009

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 0-24531

CoStar Group, Inc.  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of incorporation or  
organization)

52-2091509  
(I.R.S. Employer Identification No.)

2 Bethesda Metro Center, 10th Floor  
Bethesda, Maryland 20814  
(Address of principal executive offices) (zip code)

(301) 215-8300  
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was

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required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Securities Exchange Act of 1934.

Large accelerated filer  Accelerated filer   
Non-accelerated filer  Smaller reporting company   
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of October 31, 2009, there were 20,571,850 shares of the registrant’s common stock outstanding.

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COSTAR GROUP, INC.

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## PART I — FINANCIAL INFORMATION

## Item 1. Financial Statements

COSTAR GROUP, INC.  
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
 (in thousands, except per share data)  
 (unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Revenues	\$53,590	\$53,757	\$155,024	\$159,499
Cost of revenues	19,149	17,613	52,787	55,675
Gross margin	34,441	36,144	102,237	103,824
Operating expenses:				
Selling and marketing	11,630	10,336	30,542	33,330
Software development	3,454	3,122	9,697	9,677
General and administrative	11,564	10,170	33,585	30,074
Purchase amortization	842	1,236	2,530	3,723
	27,490	24,864	76,354	76,804
Income from operations	6,951	11,280	25,883	27,020
Interest and other income, net	263	951	1,027	4,132
Income before income taxes	7,214	12,231	26,910	31,152
Income tax expense, net	2,889	5,586	11,863	14,030
Net income	\$4,325	\$6,645	\$15,047	\$17,122
Net income per share <sup>3</sup> / <sub>4</sub> basic	\$0.22	\$		