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OMB APPROVAL
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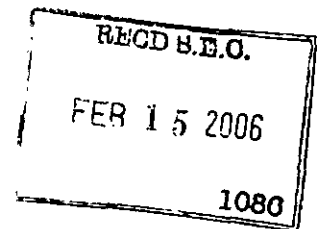
13FCON P 2/9/07

CONFIDENTIAL TREATMENT REQUESTED

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

Form 13F



06068569

Form 13F COVER PAGE

Report for the Calendar Year or Quarter Ended: 12/31/2005

Check here if Amendment[]: Amendment Number: _____

This Amendment (Check only one):

[] is a restatement

[] adds new holdings entries.

**CONFIDENTIAL TREATMENT EXPIRED
AND/OR
CONFIDENTIAL TREATMENT DENIED**

Institutional Investment Manager Filing this Report:

Name: MICHAEL R. MURPHY

Address: 71 SOUTH WACKER DRIVE, CHICAGO, ILLINOIS 60606

Form 13F File Number 28- 11638

The Institutional investment manager filing this report and the person by whom it is signed hereby represent that the person signing the report is authorized to submit it, that all information contained herein is true, correct and complete, and that it is understood that all required items, statements, schedules, lists, and tables, are considered integral parts of this form.

Person Signing this Report on Behalf of Reporting Manager:

Name: Michael R. Murphy

Title: Managing Member of Discovery Group I, LLC

Phone: 312-920-2135

PROCESSED

Signature, Place, and Date of Signing:

(Signature)

Chicago, Illinois

(City, State)

2/13/2006

(Date)

APR 25 2007

**THOMSON
FINANCIAL**

Report Type (Check only one):

[X] 13F HOLDINGS REPORT. (Check here if all holdings of this reporting manager are reported in this report.)

[] 13F NOTICE. (Check here if no holdings reported are in this report, and all holdings are reported by other reporting manager(s).)

[] 13F COMBINATION REPORT. (Check here if a portion of the holdings for this reporting manager are reported in this report and a portion are reported by other reporting manager(s).)

List of Other Managers Reporting for this Manager.

NONE

Form 13F Summary Page

Report Summary:

Number of Other Included Manager:

2

Form 13F Information Table Entry Total:

19

Form 13F Information Table Value Total:

\$ 40,866 (thousands)

List of Other Included Managers:

Provide a numbered list of the name(s) and Form 13D file number(s) of all institutional investment managers with respect to which this report is filed, other than the manager filing this report.

No.	Form 13F File Number	Name
1	<u>28-</u>	<u>DANIEL J. DONOGHUE</u>
2	<u>28-</u>	<u>DISCOVERY GROUP I, LLC</u>

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CONFIDENTIAL TREATMENT REQUESTED

COLUMN 1	COLUMN 2	COLUMN 3	COLUMN 4	COLUMN 5	COLUMN 6	COLUMN 7	COLUMN 8 Voting Authority				
NAME OF ISSUER	TITLE OF CLASS	CUSIP	VALUE (X \$1000)	SHRS OR PRN AMT	SH/ PRN	PUT/ CALL	INVESTMENT DISCRETION	OTHER MANAGERS	SOLE	SHARED	NONE
HERLEY INDS INC DEL	COM	427398102	\$11,750	711,700	SH		SHARED-OTHER	DANIEL J. DONOGHUE AND DISCOVERY GROUP I, LLC		711,700	
AEP INDS INC	COM	001031103	\$9,496	379,843	SH		SHARED-OTHER	DANIEL J. DONOGHUE AND DISCOVERY GROUP I, LLC		379,843	
CORILLIAN CORP	COM	218725109	\$5,073	1,864,983	SH		SHARED-OTHER	DANIEL J. DONOGHUE AND DISCOVERY GROUP I, LLC		1,857,478	
NEW FRONTIER MEDIA INC	COM	644398109	\$4,609	705,871	SH		SHARED-OTHER	DANIEL J. DONOGHUE AND DISCOVERY GROUP I, LLC		703,021	
SPARTAN MTRS INC	COM	846819100	\$2,181	211,969	SH		SHARED-OTHER	DANIEL J. DONOGHUE AND DISCOVERY GROUP I, LLC		211,969	
SUSSEX BANCORP	COM	869245100	\$912	60,500	SH		SHARED-OTHER	DANIEL J. DONOGHUE		60,500	
PSB BANCORP	COM	693904100	\$585	50,864	SH		SHARED-OTHER	DANIEL J. DONOGHUE		50,864	
BOE FINL SVCS VA INC	COM	055644106	\$366	10,326	SH		SHARED-OTHER	DANIEL J. DONOGHUE		10,326	
FIRST MARINER BANCORP	COM	320795107	\$981	56,615	SH		SHARED-OTHER	DANIEL J. DONOGHUE		56,615	
COMMI BANCORP INC	COM	200488106	\$503	12,120	SH		SHARED-OTHER	DANIEL J. DONOGHUE		12,120	
FMS FINL CORP	COM	302509104	\$650	37,005	SH		SHARED-OTHER	DANIEL J. DONOGHUE		37,005	
LINCOLN BANCORP IND	COM	532879103	\$595	38,200	SH		SHARED-OTHER	DANIEL J. DONOGHUE		38,200	
SPANISH BROADCASTING SYS INC	CL A	846425882	\$1,635	319,900	SH		SHARED-OTHER	DANIEL J. DONOGHUE AND DISCOVERY GROUP I, LLC		304,150	
MASSBANK CORP READ MASS	COM	578152102	\$581	17,005	SH		SHARED-OTHER	DANIEL J. DONOGHUE		17,005	
KNAPE & VOGT MFG CO	COM	498782101	\$160	11,291	SH		SHARED-OTHER	DANIEL J. DONOGHUE AND DISCOVERY GROUP I, LLC		11,084	
CRONOS GROUP S A	SHS	L20708100	\$200	15,841	SH		SHARED-OTHER	DANIEL J. DONOGHUE AND DISCOVERY GROUP I, LLC		15,844	
NUTRACEUTICAL INTL CORP	COM	67060Y101	\$284	19,575	SH		SHARED-OTHER	DANIEL J. DONOGHUE AND DISCOVERY GROUP I, LLC		18,855	
PSYCHEMEDICS CORP	COM NEW	744375205	\$170	12,319	SH		SHARED-OTHER	DANIEL J. DONOGHUE AND DISCOVERY GROUP I, LLC		10,909	
WESTBANK CORP	COM	957118106	\$165	11,463	SH		SHARED-OTHER	DANIEL J. DONOGHUE		11,463	
TOTAL			\$40,866	4,545,370						4,516,751	

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END