

CONFIDENTIAL

13F CONP 4/11/08

OMB APPROVAL
OMB Number: 3235-0006
Expires: December 31, 2009
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CONFIDENTIAL TREATMENT REQUESTED

UNITED STATES

NON-PUBLIC

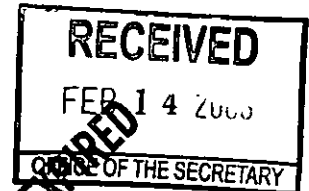
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

Form 13F

Form 13F COVER PAGE
Report for the Calendar Year or Quarter Ended: 12/31/2007
Check here if Amendment[]: Amendment Number: _____

This Amendment (Check only one):
[] is a restatement
[] adds new holdings entries.



Institutional Investment Manager Filing this Report:

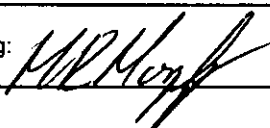
Name: MICHAEL R. MURPHY
Address: 191 NORTH WACKER DRIVE, CHICAGO, ILLINOIS 60606

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 sign 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: 312-265-9600

Signature, Place, and Date of Signing:  8
(Signature) APR 30 2008
Chicago, Illinois
(City, State)
2/13/2008
(Date)

PROCESSED

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



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Form 13F Summary Page

Report Summary:

Number of Other Included Managers:

2

Form 13F Information Table Entry Total:

5

Form 13F Information Table Value Total:

\$ 7,599 (thousands)

List of Other Included Managers:

Provide a numbered list of the name(s) and Form 13F 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
<u>1</u>	<u>28-11635</u>	<u>DANIEL J. DONOGHUE</u>
<u>2</u>	<u>28-11637</u>	<u>DISCOVERY GROUP I, LLC</u>

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13F Information Table
12/31/2007
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
BARRETT BUSINESS SERVICES INC	COM	068463108	575	31,923	SH		SHARED-OTHER	1,2		31,923	
CYBEX INTL INC	COM	D18513109	1,208	264,515	SH		SHARED-OTHER	1,2		264,515	
HOME DIAGNOSTICS INC DEL	COM	437080104	5,046	617,607	SH		SHARED-OTHER	1,2		617,607	
MADDEN STEVEN LTD	COM	556269106	209	10,449	SH		SHARED-OTHER	1,2		10,449	
TESSCO TECHNOLOGIES INC	COM	872386107	563	31,150	SH		SHARED-OTHER	1,2		31,150	
Total			7,599	955,644						955,644	

END