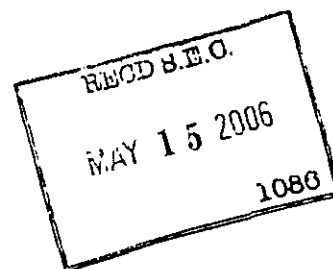


NON-PUBLIC

5/10/07

OMB APPROVAL
OMB Number: 3235-0006
Expires: December 31, 2006
Estimated average burden hours per form 22.8

CONFIDENTIAL TREATMENT REQUESTED
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549



Form 13F

Form 13F COVER PAGE

Report for the Calendar Year or Quarter Ended: 3/31/2006
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: 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

Signature, Place, and Date of Signing:

(Signature)
Chicago, Illinois
(City, State)
5/12/2006
(Date)

PROCESSED

MAY 27 2008

THOMSON REUTERS

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:

26

Form 13F Information Table Value Total:

\$ 58,660 (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
<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>

Confidential Treatment
Requested

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
Cholestech Corp.	COM	170393102	\$1,910	146,549	SH		SHARED-OTHER	1, 2		146,549	
Corilican Corp	COM	218725109	\$7,475	1,921,840	SH		SHARED-OTHER	1, 2		1,921,840	
Dynamics Research Corp.	COM	268057106	\$1,640	110,055	SH		SHARED-OTHER	1, 2		110,055	
Exactech Inc.	COM	300646109	\$464	33,200	SH		SHARED-OTHER	1, 2		33,200	
Greenfield Online	COM	395150105	\$5,187	865,921	SH		SHARED-OTHER	1, 2		865,921	
Herley Industries	COM	427398102	\$14,860	711,700	SH		SHARED-OTHER	1, 2		711,700	
Hines Horticulture	COM	433245107	\$1,151	330,774	SH		SHARED-OTHER	1, 2		330,774	
Mediware Information Systems	COM	584946107	\$13	1,270	SH		SHARED-OTHER	1, 2		1,270	
New Frontier Media	COM	644398109	\$7,120	938,086	SH		SHARED-OTHER	1, 2		938,086	
Nutraceutical International	COM	67060Y101	\$770	51,075	SH		SHARED-OTHER	1, 2		51,075	
R&B Inc.	COM	749124103	\$656	64,012	SH		SHARED-OTHER	1, 2		64,012	
UniFirst Corp.	COM	904708104	\$2,700	81,281	SH		SHARED-OTHER	1, 2		81,281	
Volt Information Sciences	COM	928703107	\$2,058	67,350	SH		SHARED-OTHER	1, 2		67,350	
Warwick Valley Telephone	COM	936750108	\$2,462	114,000	SH		SHARED-OTHER	1, 2		114,000	
Yak Communications	COM	984208207	\$123	31,270	SH		SHARED-OTHER	1, 2		31,270	
Comm Bancorp Inc.	COM	200468106	\$683	16,234	SH		SHARED-OTHER	1		16,234	
Fidelity Southern Corp.	COM	316394105	\$737	41,400	SH		SHARED-OTHER	1		41,400	
First Mariner	COM	320795107	\$1,115	58,149	SH		SHARED-OTHER	1		58,149	
FMS Financial Corp.	COM	302509104	\$1,046	54,705	SH		SHARED-OTHER	1		54,705	
FNB Financial Services Corp.	COM	302519103	1,303	81,170	SH		SHARED-OTHER	1		81,170	
Franklin Credit Management Corp.	COM	353487200	\$394	46,600	SH		SHARED-OTHER	1		46,600	
Lincoln Bancorp	COM	532879103	\$707	37,600	SH		SHARED-OTHER	1		37,600	
MASSBANK Corp	COM	576152102	\$1,601	48,691	SH		SHARED-OTHER	1		48,691	
Northrim Bancorp Inc	COM	666762109	\$523	21,800	SH		SHARED-OTHER	1		21,800	
Northway Financial Inc.	COM	667270102	\$555	14,802	SH		SHARED-OTHER	1		14,802	
Sussex Bancorp	COM	869245100	\$1,407	96,000	SH		SHARED-OTHER	1		96,000	
Total			\$58,660	5,985,334						5,985,334	

Confidential Treatment
Requested

END