

28-11630

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OMB APPROVAL
OMB Number: 3235-0006
Expires: December 31, 2009
Estimated average burden hours per form 22.8

13FCON P 8/13/2007

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: 12/31/2006

Check here if Amendment []: Amendment Number: 190

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 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 1, LLC

Phone: 312-920-2135

Signature, Place, and Date of Signing:

(Signature)

Chicago, Illinois

(City, State)

2/13/2007

(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



08016086

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Form 13F Summary Page

Report Summary:

Number of Other Included Managers:

2

Form 13F Information Table Entry Total:

8

Form 13F Information Table Value Total:

\$ 12,944 (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.

1

Form 13F File Number

28-11635

Name

DANIEL J. DONOGHUE

2

28-11637

DISCOVERY GROUP I, LLC

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13F Information Table
12/31/2006
CONFIDENTIAL TREATMENT REQUESTED

COLUMN 1	COLUMN 2	COLUMN 3	COLUMN 4	COLUMN 5	COLUMN 6	COLUMN 7	COLUMN 8				
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
2 EPIC BANCORP / FAUQUIER BANKSHARES INC VA / FIRST LONG IS CORP / FRANKLIN BK CORP DEL / FRANKLIN CR MGMT CORP / OLD SECOND BANCORP INC ILL / 2TNS INC / 2VNIUS MED TECHNOLOGIES INC	COM	294250105	950	70,100	SH		SHARED-OTHER	1		70,100	
	COM	312059108	227	9,089	SH		SHARED-OTHER	1		9,089	
	COM	320734106	608	13,899	SH		SHARED-OTHER	1		13,899	
	COM	352451108	1,116	54,325	SH		SHARED-OTHER	1		54,325	
	COM	353487200	602	127,733	SH		SHARED-OTHER	1		127,733	
	COM	680277100	1,360	46,400	SH		SHARED-OTHER	1.2		46,400	
	COM	872960109	6,532	339,300	SH		SHARED-OTHER	1.2		339,300	
	COM	928566108	1,549	174,483	SH		SHARED-OTHER	1.2		174,483	
				12,944	835,329						835,329
Total											

END