

NON-PUBLIC

13F CON P 8/13/07

CONFIDENTIAL

OMB APPROVAL

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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: 3/31/2007

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: 71 SOUTH WACKER DRIVE, CHICAGO, ILLINOIS 60606

Form 13F File Number 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)

5/10/2007

(Date)

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

RECEIVED

MAY 11 2007

OFFICE OF THE SECRETARY

CONFIDENTIAL TREATMENT EXPIRED

PROCESSED

APR 30 2008

THOMSON REUTERS



07060816

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Form 13F Summary Page

Report Summary:

Number of Other Included Managers:

2

Form 13F Information Table Entry Total:

10

Form 13F Information Table Value Total:

\$ 37,580 (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

3/31/2007

CONFIDENTIAL TREATMENT REQUESTED

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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
BALDWIN TECHNOLOGY INC	CL A	058264102	2,745	550,000	SH		SHARED-OTHER	1, 2		550,000	
EPIC BANCORP	COM	294250105	1,268	81,807	SH		SHARED-OTHER	1		81,807	
HF FINL CORP	COM	404172108	469	25,700	SH		SHARED-OTHER	1		25,700	
HYPERCOM CORP	COM	44713M105	11,592	1,945,000	SH		SHARED-OTHER	1, 2		1,945,000	
LINCOLN EDL SVCS CORP	COM	533535100	4,831	340,000	SH		SHARED-OTHER	1, 2		340,000	
OLD POINT FINL CORP	COM	680194107	213	7,737	SH		SHARED-OTHER	1		7,737	
PRINCETON NATL BANCORP	COM	742282106	207	6,900	SH		SHARED-OTHER	1		6,900	
PSYCHEMEDICS CORP	COM NEW	744375205	2,702	159,800	SH		SHARED-OTHER	1, 2		159,800	
TNS INC	COM	872960109	10,855	676,510	SH		SHARED-OTHER	1, 2		676,510	
VNUS MED TECHNOLOGIES INC	COM	928566108	2,700	269,178	SH		SHARED-OTHER	1, 2		269,178	
Total			37,580	4,062,632						4,062,632	

END