

CHOLESTECH CORPORATION
Form SC 13G/A
August 17, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13G

Under the Securities Exchange Act of 1934
(Amendment No. 1)*

Cholestech Corporation

(Name of Issuer)

Common Stock

(Title of Class of Securities)

170393102

(CUSIP Number)

August 8, 2006

(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

Rule 13d-1(b)

Rule 13d-1(c)

Rule 13d-1(d)

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 170393102

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1 NAME OF REPORTING PERSON/
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (Entities Only)

Discovery Equity Partners, L.P.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

Not Applicable

(a) []
(b) []

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION

Illinois

5 SOLE VOTING POWER

None

NUMBER OF 6 SHARED VOTING POWER
SHARES

BENEFICIALLY 750,290
OWNED BY

EACH 7 SOLE DISPOSITIVE POWER
REPORTING

PERSON None
WITH

8 SHARED DISPOSITIVE POWER

750,290

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

750,290

10 CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (see
Instructions)

Not Applicable

[]

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

5.0 %

12 TYPE OF REPORTING PERSON (see Instructions)

PN

CUSIP No. 170393102

1 NAME OF REPORTING PERSON/
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (Entities Only)

Discovery Group I, LLC

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a) []

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Not Applicable

(b) []

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

5 SOLE VOTING POWER

None

NUMBER OF
SHARES

6 SHARED VOTING POWER

BENEFICIALLY
OWNED BY

877,695

EACH
REPORTING
PERSON
WITH

7 SOLE DISPOSITIVE POWER

None

8 SHARED DISPOSITIVE POWER

877,695

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

877,695

10 CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (see Instructions)

Not Applicable

[]

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

5.9 %

12 TYPE OF REPORTING PERSON (see Instructions)

OO

CUSIP No. 170393102

1 NAME OF REPORTING PERSON/
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (Entities Only)

Daniel J. Donoghue

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

Not Applicable

(a) []

(b) []

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION

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U.S.A.

5 SOLE VOTING POWER
None

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH
6 SHARED VOTING POWER
877,695

7 SOLE DISPOSITIVE POWER
None

8 SHARED DISPOSITIVE POWER
877,695

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

877,695

10 CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (see Instructions)

Not Applicable

[]

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

5.9 %

12 TYPE OF REPORTING PERSON (see Instructions)

IN

CUSIP No. 170393102

1 NAME OF REPORTING PERSON/
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (Entities Only)

Michael R. Murphy

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

Not Applicable

(a) []

(b) []

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION

U.S.A.

5 SOLE VOTING POWER
None

NUMBER OF
6 SHARED VOTING POWER

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SHARES
BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH
877,695

7 SOLE DISPOSITIVE POWER
None

8 SHARED DISPOSITIVE POWER
877,695

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

877,695

10 CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (see Instructions)

[]

Not Applicable

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

5.9 %

12 TYPE OF REPORTING PERSON (see Instructions)

IN

Item 1. (a) Name of Issuer

Cholestech Corporation

(b) Address of Issuer's Principal Executive Offices

3347 Investment Boulevard, Hayward, California 94545

Item 2. (a) Name of Person Filing

Discovery Equity Partners, L.P. ("Discovery Partners")
Discovery Group I, LLC, the general partner of Discovery Partners
("Discovery Group")

Daniel J. Donoghue, a Managing Member of Discovery Group
Michael R. Murphy, a Managing Member of Discovery Group

(b) Address of Principal Business Office or, if none, Residence

Discovery Partners, Discovery Group, Mr. Donoghue, and Mr. Murphy
are all located at:

Hyatt Center, 24th Floor, 71 South Wacker Drive, Chicago,
Illinois 60606

(c) Citizenship

Discovery Partners is an Illinois limited partnership
Discovery Group is a Delaware limited liability company
Mr. Donoghue and Mr. Murphy are U.S. citizens

(d) Title of Class of Securities

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Common Stock

(e) CUSIP Number

170393102

Item 3. If this statement is filed pursuant to Sections 240.13d-1(b), or 240.13d-2(b) or (c), check whether the person filing is a:

Not Applicable

- (a) Broker or dealer registered under section 15 of the Act (15 U.S.C. 78o).
- (b) Bank as defined in section 3(a)(6) of the Act (15 U.S.C. 78c).
- (c) Insurance company as defined in section 3(a)(19) of the Act (15 U.S.C. 78c).
- (d) Investment company registered under section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8).
- (e) An investment adviser in accordance with Section 240.13d-1(b)(1)(ii)(E);
- (f) An employee benefit plan or endowment fund in accordance with Section 240.13d-1(b)(1)(ii)(F);
- (g) A parent holding company or control person in accordance with Section 240.13d-1(b)(1)(ii)(G);
- (h) A savings associations as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813);
- (i) A church plan that is excluded from the definition of an investment company under section 3(c)(14) of the Investment Company Act of 1940 (15 U.S.C. 80a-3);
- (j) Group, in accordance with Section 240.13d-1(b)(1)(ii)(J).

Item 4. Ownership

Provide the following information regarding the aggregate number and percentage of the class of securities of the issuer identified in Item 1.

(a) Amount beneficially owned:

Discovery Partners - 750,290
Discovery Group - 877,695
Mr. Donoghue - 877,695
Mr. Murphy - 877,695

(b) Percent of class:

Discovery Partners - 5.0 %
Discovery Group - 5.9 %
Mr. Donoghue - 5.9 %
Mr. Murphy - 5.9 %

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The foregoing percentages are based on 14,988,875 shares of Common Stock of the Issuer identified in Item 1 outstanding as of July 31, 2006, as reported in the Issuer's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2006.

(c) Number of shares as to which the person has:

(i) Sole power to vote or to direct the vote

None

(ii) Shared power to vote or to direct the vote

Discovery Partners - 750,290

Discovery Group - 877,695

Mr. Donoghue - 877,695

Mr. Murphy - 877,695

(iii) Sole power to dispose or to direct the disposition of

None

(iv) Shared power to dispose or to direct the disposition of

Discovery Partners - 750,290

Discovery Group - 877,695

Mr. Donoghue - 877,695

Mr. Murphy - 877,695

Item 5. Ownership of Five Percent or Less of a Class

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following.

Not Applicable

Item 6. Ownership of More than Five Percent on Behalf of Another Person

The shares reported herein have been acquired on behalf of discretionary clients of Discovery Group, including Discovery Partners. Such discretionary clients are entitled to receive all dividends from, and proceeds from the sale of, those shares. Except for Discovery Partners, none of those discretionary clients, to the knowledge of Discovery Partners, Discovery Group, Mr. Donoghue or Mr. Murphy, has an economic interest in more than 5% of the class.

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company or Control Person

Not Applicable

Item 8. Identification and Classification of Members of the Group

Not Applicable

Item 9. Notice of Dissolution of Group

Not Applicable

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Item 10. Certification

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

Signature

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

August 17, 2006

Date

DISCOVERY GROUP I, LLC,
for itself and as general partner of
DISCOVERY EQUITY PARTNERS, L.P.

/s/ Michael R. Murphy

Signature

Michael R. Murphy, Managing Member

Name/Title

/s/ Daniel J. Donoghue

Signature

Daniel J. Donoghue

Name/Title

/s/ Michael R. Murphy

Signature

Michael R. Murphy

Name/Title

Exhibit Index

Exhibit 1 Joint Filing Agreement dated as of August 17, 2006, by and between Discovery Equity Partners, L.P.; Discovery Group I, LLC; Daniel J. Donoghue; and Michael R. Murphy.

EXHIBIT 1

JOINT FILING AGREEMENT

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The undersigned hereby agree to the joint filing of the Amendment No. 1 to the Schedule 13G to which this Agreement is attached.

Dated: August 17, 2006

DISCOVERY GROUP I, LLC,
for itself and as general partner of
DISCOVERY EQUITY PARTNERS, L.P.

By /s/ Michael R. Murphy

Michael R. Murphy
Managing Member

/s/ Daniel J. Donoghue

Daniel J. Donoghue

/s/ Michael R. Murphy

Michael R. Murphy