

LEHMAN BROTHERS FIRST TRUST INCOME OPPORTUNITY FUND  
Form N-Q  
May 30, 2007

As filed with the Securities and Exchange Commission on May 30, 2007

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

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF  
REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number: 811-21342

LEHMAN BROTHERS FIRST TRUST INCOME OPPORTUNITY FUND  
-----  
(Exact Name of the Registrant as Specified in Charter)  
399 Park Avenue  
New York, New York 10022  
(Address of Principal Executive Offices - Zip Code)

Registrant's telephone number, including area code: (212) 526-7000

Peter E. Sundman, Executive Vice President  
Lehman Brothers First Trust Income Opportunity Fund  
605 Third Avenue, 2nd Floor  
New York, New York 10158-0180

Arthur Delibert, Esq.  
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1601 K Street, N.W.  
Washington, D.C. 20006-1600  
(Names and addresses of agents for service)

Date of fiscal year end: December 31, 2007

Date of reporting period: March 31, 2007

Form N-Q is to be used by management investment companies to file reports with the Commission not later than 60 days after the close of their first and third fiscal quarters, pursuant to rule 30b1-5 under the Investment Company Act of 1940 ("1940 Act") (17 CFR 270.30b1-5). The Commission may use the information provided on Form N-Q in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-Q, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-Q unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. {section} 3507.

ITEM 1. SCHEDULE OF INVESTMENTS.

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LEHMAN BROTHERS FIRST TRUST INCOME OPPORTUNITY FUND

SCHEDULE OF INVESTMENTS

MARCH 31, 2007  
(UNAUDITED)

PRINCIPAL AMOUNT	DESCRIPTION	MOODY'S RATINGS (*)	S&P RATINGS (*)
CORPORATE DEBT - 141.9%			
AEROSPACE/DEFENSE - 1.4%			
\$ 1,830,000	L-3 Communications Corp., Guaranteed Senior Subordinated Notes 7.63%, due 6/15/12	Ba3	BB+
825,000	L-3 Communications Corp., Guaranteed Notes, Ser. B 6.38%, due 10/15/15	Ba3	BB+
AIRLINES - 1.2%			
1,959,187	Continental Airlines, Inc., Pass-Through Certificates 9.80%, due 4/1/21	Ba1	BB+
APPAREL/TEXTILES - 0.6%			
1,085,000	Levi Strauss & Co., Senior Unsubordinated Notes 9.75%, due 1/15/15	B2	B
AUTO LOANS - 12.8%			
1,610,000	Ford Motor Credit Co., Unsecured Notes 7.38%, due 10/28/09	B1	B
6,870,000	Ford Motor Credit Co., Senior Unsecured Notes 9.75%, due 9/15/10	B1	B
8,515,000	Ford Motor Credit Co., Bonds 7.38%, due 2/1/11	B1	B
5,755,000	General Motors Acceptance Corp., Notes 6.88%, due 9/15/11	Ba1	BB+
880,000	General Motors Acceptance Corp., Unsecured Notes 7.00%, due 2/1/12	Ba1	BB+
AUTO PARTS & EQUIPMENT - 0.7%			
540,000	Goodyear Tire & Rubber Co., Senior Notes 8.63%, due 12/1/11	B2	B-
685,000	Goodyear Tire & Rubber Co., Senior Notes 9.00%, due 7/1/15	B2	B-
AUTOMOTIVE - 4.0%			
4,485,000	General Motors Corp., Senior Unsecured Debentures 8.25%, 7/15/23	Caal	B-
3,845,000	General Motors Corp., Senior Unsubordinated Notes 8.38%, due 7/15/33	Caal	B-

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1,365,000	BEVERAGE - 0.7% Constellation Brands, Inc., Guaranteed Notes 7.25%, due 9/1/16	Ba3	BB-
780,000	CHEMICALS - 4.2% Chemtura Corp., Guaranteed Notes 6.88%, due 6/1/16	Ba1	BB+
2,595,000	Hexion US Finance Corp., Senior Notes 9.75%, due 11/15/14	B3	B-

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LEHMAN BROTHERS FIRST TRUST INCOME OPPORTUNITY FUND

SCHEDULE OF INVESTMENTS CONTINUED

MARCH 31, 2007  
(UNAUDITED)

PRINCIPAL AMOUNT	DESCRIPTION	MOODY'S RATINGS (*)	S&P RATINGS (*)
CORPORATE DEBT - CONTINUED			
CHEMICALS - CONTINUED			
\$ 760,000	Lyondell Chemical Co., Guaranteed Notes 8.25%, due 9/15/16	B1	B+
1,720,000	MacDermid, Inc., Senior Subordinated Notes 9.50%, due 4/15/17	Caa1	CCC+
1,745,000	PQ Corp., Guaranteed Notes 7.50%, due 2/15/13	B3	B-
CONSUMER - PRODUCTS - 2.0%			
1,430,000	Amscan Holdings, Inc., Senior Subordinated Notes 8.75%, due 5/1/14	Caa1	CCC+
2,340,000	Yankee Acquisition Corp., Senior Subordinated Notes 9.75%, due 2/15/17	Caa1	CCC+
DIVERSIFIED CAPITAL GOODS - 0.3%			
530,000	American Railcar Industries, Inc., Senior Unsecured Notes 7.50%, due 3/1/14	B1	BB-
ELECTRIC - GENERATION 6.3%			
2,050,000	Dynegy-Roseton Danskamme, Pass-Through Certificates, Ser. B 7.67%, due 11/8/16	Ba3	B
3,070,000	Midwest Generation LLC, Secured Notes 8.75%, due 5/1/34	Ba2	B+
3,345,000	Mirant Americas Generation, Inc., Senior Unsecured Notes 8.30%, due 5/1/11	Caa1	B-
1,325,000	NRG Energy, Inc., Guaranteed Notes 7.38%, due 2/1/16	B1	B-
1,375,000	NRG Energy, Inc., Guaranteed Notes 7.38%, due 1/15/17	B1	B-

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	ELECTRONICS - 4.4%		
3,045,000	Flextronics Int'l., Ltd., Senior Subordinated Notes 6.50%, due 5/15/13	Ba2	BB-
2,790,000	Freescale Semiconductor, Inc., Senior Notes 9.13%, due 12/15/14	B1	B
660,000	NXP BV Funding LLC, Secured Notes 7.88%, due 10/15/14	Ba2	BB+
1,650,000	NXP BV Funding LLC, Senior Notes 9.50%, due 10/15/15	B2	B+
	ENERGY-EXPLORATION & PRODUCTION - 4.4%		
670,000	Chesapeake Energy Corp., Guaranteed Notes 7.50%, due 9/15/13	Ba2	BB
1,345,000	Chesapeake Energy Corp., Guaranteed Notes 6.38%, due 6/15/15	Ba2	BB
475,000	Forest Oil Corp., Guaranteed Unsecured Notes 8.00%, due 12/15/11	B1	B+

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LEHMAN BROTHERS FIRST TRUST INCOME OPPORTUNITY FUND

SCHEDULE OF INVESTMENTS CONTINUED

MARCH 31, 2007  
(UNAUDITED)

PRINCIPAL AMOUNT	DESCRIPTION	MOODY'S RATINGS (*)	S&P RATINGS (*)
CORPORATE DEBT - CONTINUED			
	ENERGY-EXPLORATION & PRODUCTION - CONTINUED		
\$ 840,000	Forest Oil Corp., Guaranteed Senior Unsecured Notes 7.75%, due 5/1/14	B1	B+
4,860,000	Sabine Pass L.P., Secured Notes 7.50%, due 11/30/16	Ba3	BB
	ENVIRONMENTAL - 1.1%		
1,375,000	Allied Waste North America, Inc., Guaranteed Notes 7.25%, due 3/15/15	B1	BB
715,000	Allied Waste North America, Inc., Guaranteed Notes 6.88%, due 6/1/17	B1	BB
	FOOD & DRUG RETAILERS - 1.7%		
2,985,000	Jean Coutu Group PJC, Inc., Guaranteed Notes 8.50%, due 8/1/14	Caa2	B-
	FORESTRY/PAPER - 1.6%		
535,000	Bowater, Inc., Senior Floating Rate Notes 8.35%, due 6/15/07	B3	B+
1,090,000	Bowater, Inc., Debentures		

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	9.00%, due 8/1/09	B3	B+
1,200,000	Graphic Packaging Int'l., Inc., Guaranteed Notes		
	8.50%, due 8/15/11	B2	B-
	GAMING - 6.1%		
1,045,000	Chukchansi Economic Development Authority, Senior Notes		
	8.00%, due 11/15/13	B2	BB-
3,440,000	Majestic Star LLC, Senior Unsecured Notes		
	9.75%, due 1/15/11	Caal	CCC+
1,545,000	MGM Grand, Inc., Guaranteed Senior Notes		
	6.00%, due 10/1/09	Ba2	BB
460,000	Park Place Entertainment, Senior Subordinated Notes		
	7.88%, due 3/15/10	Ba1	B+
1,910,000	Pokagon Gaming Authority, Senior Notes		
	10.38%, due 6/15/14	B3	B
1,475,000	San Pasqual Casino, Notes		
	8.00%, due 9/15/13	B2	B+
1,495,000	Station Casinos, Inc., Senior Unsecured Subordinated Notes		
	6.88%, due 3/1/16	Ba3	B
	GAS DISTRIBUTION - 7.0%		
690,000	AmeriGas Partners, L.P., Senior Unsecured Notes		
	7.25%, due 5/20/15	B1	
670,000	AmeriGas Partners, L.P., Senior Notes		
	7.13%, due 5/20/16	B1	
1,635,000	Ferrellgas Partners L.P., Senior Unsecured Notes		
	8.75%, due 6/15/12	B2	B-
1,335,000	Kinder Morgan, Inc., Senior Notes		
	6.50%, due 9/1/12	Baa2	BB-

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LEHMAN BROTHERS FIRST TRUST INCOME OPPORTUNITY FUND

SCHEDULE OF INVESTMENTS CONTINUED

MARCH 31, 2007

(UNAUDITED)

PRINCIPAL AMOUNT	DESCRIPTION	MOODY'S RATINGS (*)	S&P RATINGS (*)
CORPORATE DEBT - CONTINUED			
GAS DISTRIBUTION - CONTINUED			
\$ 1,500,000	Kinder Morgan, Inc., Guaranteed Notes		
	5.70%, due 1/5/16	Baa2	BB-
3,500,000	Regency Energy Partners, Senior Unsecured Notes		
	8.38%, due 12/15/13	B2	B
1,415,000	Targa Resources, Inc., Guaranteed Notes		
	8.50%, due 11/1/13	B3	B-
2,025,000	Transcontinental Gas Pipe Line, Debentures		
	7.25%, due 12/1/26	Ba1	BB+

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HEALTH SERVICES - 16.4%				
2,540,000	CDRV Investors, Inc., Senior Floating Rate Notes 9.86%, due 6/1/07		Caa1	CCC+
4,010,000	CDRV Investors, Inc., Senior Unsecured Notes, Step-Up 0.00%/9.63%, due 1/1/15		Caa1	CCC+
2,750,000	HCA, Inc., Senior Unsecured Notes 6.50%, due 2/15/16		Caa1	B-
5,930,000	HCA, Inc., Secured Notes 9.25%, due 11/15/16		B2	BB-
740,000	Omnicare, Inc., Senior Subordinated Notes 6.13%, due 6/1/13		Ba3	BB+
2,265,000	Omnicare, Inc., Guaranteed Notes 6.88%, due 12/15/15		Ba3	BB+
1,200,000	Service Corp. Int'l., Senior Unsecured Notes 7.38%, due 10/1/14		B1	BB-
675,000	Service Corp. Int'l., Senior Notes 7.00%, due 6/15/17		B1	BB-
2,420,000	Service Corp. Int'l., Senior Notes 7.50%, due 4/1/27		B1	BB-
1,040,000	Spheris, Inc., Senior Subordinated Notes 11.00%, due 12/15/12		Caa1	CCC
1,390,000	US Oncology, Inc., Senior Unsecured Floating Rate Notes 9.80%, due 9/17/07		B3	B-
3,485,000	US Oncology, Inc., Senior Unsecured Floating Rate Notes 10.58%, due 9/17/07		B1	B-
1,065,000	US Oncology, Inc., Guaranteed Notes 9.00%, due 8/15/12		B1	B-
1,320,000	Ventas Realty L.P., Guaranteed Senior Notes 6.50%, due 6/1/16		Ba2	BB+
INVESTMENTS & MISC. FINANCIAL SERVICES - 1.5%				
2,680,000	Cardtronics, Inc., Guaranteed Notes 9.25%, due 8/15/13		B3	B-
LEISURE - 1.3%				
1,210,000	AMF Bowling Worldwide, Inc., Guaranteed Notes 10.00%, due 3/1/10		B3	CCC+
1,255,000	Royal Caribbean Cruises, Senior Unsubordinated Notes 7.50%, due 10/15/27		Ba1	BBB-

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LEHMAN BROTHERS FIRST TRUST INCOME OPPORTUNITY FUND

SCHEDULE OF INVESTMENTS CONTINUED

MARCH 31, 2007  
(UNAUDITED)

PRINCIPAL AMOUNT	DESCRIPTION	MOODY'S RATINGS (*)	S&P RATINGS (*)
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CORPORATE DEBT - CONTINUED

	MEDIA - BROADCAST - 9.1%		
\$ 1,465,000	Clear Channel Communications, Inc., Senior Notes 5.50%, due 9/15/14	Baa3	BB+
2,865,000	CMP Susquehanna Corp., Senior Subordinated Notes 9.88%, due 5/15/14	B3	CCC
1,135,000	Entercom Radio/Capital, Guaranteed Senior Unsecured Notes 7.63%, due 3/1/14	B1	B
2,020,000	LIN Television Corp., Senior Subordinated Notes 6.50%, due 5/15/13	B1	B-
675,000	LIN Television Corp., Guaranteed Notes, Ser. B 6.50%, due 5/15/13	B1	B-
3,480,000	Paxson Communications, Secured Floating Rate Notes 11.61%, due 4/16/07	Caa2	CCC-
2,540,000	Umbrella Acquisition, Inc., Senior Notes 9.75%, due 3/15/15	B3	CCC+
1,315,000	Young Broadcasting, Inc., Guaranteed Notes 10.00%, due 3/1/11	Caa1	CCC-
1,560,000	Young Broadcasting, Inc., Senior Subordinated Note 8.75%, due 1/15/14	Caa1	CCC-
	MEDIA - CABLE - 4.3%		
715,000	CCH I Holdings LLC, Guaranteed Notes 10.00%, due 5/15/14	Caa3	CCC
3,453,000	CCH I Holdings LLC, Secured Notes 11.00%, due 10/1/15	Caa2	CCC
1,350,000	Charter Communications Operating LLC, Senior Notes 8.00%, due 4/30/12	B3	B
1,065,000	EchoStar DBS Corp., Guaranteed Notes 7.00%, due 10/1/13	Ba3	BB-
1,355,000	EchoStar DBS Corp., Guaranteed Notes 7.13%, due 2/1/16	Ba3	BB-
	MEDIA - SERVICES - 2.1%		
1,330,000	WGM Acquisition Corp., Senior Subordinated Notes 7.38%, due 4/15/14	B2	B
3,465,000	WGM Holdings Corp., Guaranteed Notes, Step-Up 0.00%/9.50%, due 12/15/14	B2	B
	METALS/MINING EXCLUDING STEEL - 6.2%		
950,000	Aleris Int'l., Inc., Senior Notes 9.00%, due 12/15/14	B3	B-
1,160,000	Aleris Int'l., Inc., Senior Subordinated Notes 10.00%, due 12/15/16	Caa1	B-
2,065,000	Arch Western Finance Corp., Guaranteed Notes 6.75%, due 7/1/13	B1	BB-
425,000	Freeport-McMoRan Copper & Gold, Senior Unsecured Notes 8.25%, due 4/1/15	Ba3	BB-
2,205,000	Freeport-McMoRan Copper & Gold, Senior Unsecured Notes 8.38%, due 4/1/17	Ba3	BB

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LEHMAN BROTHERS FIRST TRUST INCOME OPPORTUNITY FUND

SCHEDULE OF INVESTMENTS CONTINUED

MARCH 31, 2007  
(UNAUDITED)

PRINCIPAL AMOUNT	DESCRIPTION	MOODY'S RATINGS (*)	S&P RATINGS (*)
CORPORATE DEBT - CONTINUED			
METALS/MINING EXCLUDING STEEL - CONTINUED			
\$ 3,855,000	Massey Energy Co., Guaranteed Senior Notes 6.88%, due 12/15/13	B2	B+
775,000	Peabody Energy Corp., Guaranteed Senior Notes 6.88%, due 3/15/13	Ba1	BB
NON-FOOD & DRUG RETAILERS - 2.0%			
780,000	Blockbuster, Inc., Senior Subordinated Notes 9.00%, due 9/1/12	Caa2	CCC+
1,225,000	Bon-Ton Department Stores, Inc., Guaranteed Notes 10.25%, due 3/15/14	B3	B-
660,000	GSC Holdings Corp., Guaranteed Notes 8.00%, due 10/1/12	B1	B+
1,500,000	Michaels Stores, Inc., Subordinated Notes, Step-Up 0.00%/13.00%, due 11/1/16	Caa1	CCC
PACKAGING - 4.6%			
4,570,000	Ball Corp., Guaranteed Notes 6.88%, due 12/15/12	Ba1	BB
1,260,000	Crown Americas LLC, Guaranteed Notes 7.75%, due 11/15/15	B1	B
860,000	Graham Packaging Co., Inc., Guaranteed Notes 9.88%, due 10/15/14	Caa1	CCC+
1,730,000	Owens-Brockway Glass Container, Inc., Guaranteed Notes 8.75%, due 11/15/12	Ba2	BB-
PRINTING & PUBLISHING - 8.5%			
290,000	Dex Media West LLC, Senior Unsecured Notes, Ser. B 8.50%, due 8/15/10	B1	B
580,000	Dex Media West LLC, Guaranteed Notes, Ser. B 9.88%, due 8/15/13	B2	B
2,960,000	Dex Media, Inc., Senior Unsecured Notes 8.00%, due 11/15/13	B3	B
3,560,000	Idearc, Inc., Senior Notes 8.00%, due 11/15/16	B2	B+
300,000	Primedia, Inc., Senior Floating Rate Notes 10.74%, due 5/15/07	B2	B
2,435,000	Primedia, Inc., Guaranteed Senior Unsecured Notes 8.88%, due 5/15/11	B2	B
3,130,000	R.H. Donnelley Corp., Senior Unsecured Notes, Ser A-3 8.88%, due 1/15/16	B3	B
2,175,000	Reader's Digest Association, Inc., Senior Subordinated Notes 9.00%, due 2/15/17	Caa1	CCC+



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2,640,000	RAILROADS - 1.5% TFM SA de C.V., Senior Notes 9.38%, due 5/1/12	B3	B-
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LEHMAN BROTHERS FIRST TRUST INCOME OPPORTUNITY FUND

SCHEDULE OF INVESTMENTS CONTINUED

MARCH 31, 2007  
(UNAUDITED)

PRINCIPAL AMOUNT	DESCRIPTION	MOODY'S RATINGS (*)	S&P RATINGS (*)
CORPORATE DEBT - CONTINUED			
\$ 1,470,000	REAL ESTATE DEV. & MGT. -1.5% American Real Estate Partners L.P., Guaranteed Note 7.13%, due 2/15/13	Ba3	BB+
1,270,000	American Real Estate Partners, L.P., Senior Notes 8.13%, due 6/1/12	Ba3	BB+
1,060,000	RESTAURANTS - 0.6% NPC Int'l., Inc., Guaranteed Notes 9.50%, due 5/1/14	Caal	B-
1,955,000	SOFTWARE/SERVICES - 1.1% SunGard Data Systems, Inc., Guaranteed Notes 9.13%, due 8/15/13	Caal	B-
1,875,000	STEEL PRODUCERS/PRODUCTS - 1.0% Tube City IMS Corp., Senior Subordinated Notes 9.75%, due 2/1/15	B3	B-
845,000	SUPPORT - SERVICES - 8.2% Aramark Corp., Senior Floating Rate Notes 8.86%, due 5/1/07	B3	B-
1,360,000	Aramark Corp., Senior Notes 8.50%, due 2/1/15	B3	B-
475,000	Education Management LLC, Guaranteed Notes 8.75%, due 6/1/14	B2	CCC+
3,645,000	Knowledge Learning Corp., Inc., Guaranteed Notes 7.75%, due 2/1/15	B2	B-
3,105,000	Language Line, Inc., Guaranteed Notes 11.13%, due 6/15/12	B3	CCC+
3,105,000	Monitronics Int'l., Inc., Guaranteed Notes 11.75%, due 9/1/10	B3	B-
2,230,000	Rural/Metro Corp., Guaranteed Notes 9.88%, due 3/15/15	B3	CCC+

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845,000	TELECOM - FIXED LINE - 0.5% Level 3 Financing, Inc., Senior Notes 9.25%, due 11/1/14	B3	CCC+
4,250,000	TELECOM - INTEGRATED/SERVICES - 8.3% Citizens Utilities Co., Bonds 7.13%, due 3/15/19	Ba2	BB+
1,335,000	Dycom Industries, Inc., Guaranteed Notes 8.13%, due 10/15/15	Ba3	B+
2,200,000	Intelsat Bermuda Ltd., Guaranteed Notes 9.25%, due 6/15/16	B2	B+
1,020,000	Nordic Telephone Co. Holdings, Secured Notes 8.88%, due 5/1/16	B2	B
1,095,000	Qwest Corp., Senior Notes 7.88%, due 9/1/11	Ba1	BB+
1,495,000	Qwest Corp., Notes 8.88%, due 3/15/12	Ba1	BB+
1,340,000	Windstream Corp., Guaranteed Notes 8.13%, due 8/1/13	Ba3	BB-

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LEHMAN BROTHERS FIRST TRUST INCOME OPPORTUNITY FUND

SCHEDULE OF INVESTMENTS CONTINUED

MARCH 31, 2007  
(UNAUDITED)

PRINCIPAL AMOUNT	DESCRIPTION	MOODY'S RATINGS (*)	S&P RATINGS (*)
CORPORATE DEBT - CONTINUED			
TELECOM - INTEGRATED/SERVICES - CONTINUED			
\$ 1,910,000	Windstream Corp., Guaranteed Notes 8.63%, due 8/1/16	Ba3	BB-
THEATERS & ENTERTAINMENT - 1.6%			
1,230,000	AMC Entertainment, Inc., Guaranteed Notes, Ser. B 8.63%, due 8/15/12	Ba3	B-
1,455,000	AMC Entertainment, Inc., Guaranteed Notes 11.00%, due 2/1/16	B3	CCC+
TRANSPORTATION EXCLUDING AIR/RAIL - 1.1%			
2,055,000	Stena AB, Senior Unsecured Notes 7.00%, due 12/1/16	Ba3	BB-
TOTAL CORPORATE DEBT (IDENTIFIED COST \$250,191,821)			

NUMBER OF  
SHARES

SHORT-TERM INVESTMENTS - 6.0%

11,191,616 Neuberger Berman Prime Money Fund Trust Class

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(COST \$11,191,616)

TOTAL INVESTMENTS - 147.9%  
(IDENTIFIED COST \$268,383,437)

Other Assets, Less Liabilities - 0.4%

Money Market Cumulative Preferred Shares plus cumulative  
unpaid dividends (48.3%)

TOTAL NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS - 100%

See Notes to Schedule of Investments

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LEHMAN BROTHERS MARCH 31, 2007 (UNAUDITED)

NOTES TO SCHEDULE OF INVESTMENTS  
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- (+) Investments in debt securities by Lehman Brothers First Trust Income Opportunity Fund (the "Fund") are valued using an independent pricing service approved by the Board of Trustees, which utilizes closing market prices, market quotations and transactions, quotations from dealers and various relationships among securities in determining value. Securities for which closing market prices or market quotations are not available or are not considered by Neuberger Berman Management Inc. to be reflective of a security's market value, are valued at fair value as determined in good faith by methods established by and under the supervision of the Board of Trustees. Criteria considered in making this determination may include, but are not limited to, a review of other securities by the same issuer for which market quotations are available, recent bid and ask prices for the security, the issuer's position in an economic outlook of the industry and, if necessary, a review of similar securities in similar industries. Securities with remaining maturities of 60 days or less are valued at amortized cost. This method involves valuing a portfolio security initially at its cost and thereafter assumes a constant amortization to maturity of any discount of premium.
- (#) At cost, which approximates market value.
- (##) At March 31, 2007, the cost of investments for U.S. federal income tax

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purposes was \$268,616,728. Gross unrealized appreciation of investments was \$8,584,551 and gross unrealized depreciation of investments was \$799,804, resulting in net unrealized appreciation of \$7,784,747, based on cost for U.S. federal income tax purposes.

- @ Neuberger Berman Prime Money Fund ("Prime Money") is also managed by Neuberger Berman Management Inc. and may be considered an affiliate since it has the same officers, Board members, and investment manager as the Fund and because, at times, the Fund may own 5% or more of the outstanding voting securities of Prime Money.
- (n) Restricted security subject to restrictions on resale under federal securities laws. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers under Rule 144A, and have been deemed by the investment manager to be liquid. At March 31, 2007, these securities amounted to \$83,639,077 or 44.8% of net assets applicable to common shareholders.
- (^^) Denotes a step-up bond: a zero coupon bond that converts to a fixed rate of interest at a designated future date.
- (00) All or a portion of this security is segregated as collateral for interest rate swap contracts.
- (u) Denotes a floating rate security, which is a security whose yields vary with a designated market index or market rate. These securities are shown at their current rates as of March 31, 2007.
- (\*) Where no rating appears from any NRSRO, the security is deemed unrated.
- (@@) At March 31, 2007, the Fund had outstanding the following interest rate swap contract:

SWAP COUNTER PARTY	NOTIONAL AMOUNT	TERMINATION DATE	RATE TYPE		ACCRUED NET INTEREST RECEIVABLE (PAYABLE)	UNREALIZED APPRECIATION (DEPRECIATION)
			FIXED-RATE PAYMENTS MADE BY THE FUND	VARIABLE-RATE PAYMENTS RECEIVED BY THE FUND (1)		
Citibank, N.A.	\$22,500,000	September 28, 2007	3.22%	5.32%	\$3,930	\$23

(1) 30 day LIBOR (London Interbank Offered Rate) at March 26, 2007.

For information on the Fund's significant accounting policies, please refer to the Fund's most recent financial statements.

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ITEM 2. CONTROLS AND PROCEDURES.

- (a) Based on an evaluation of the disclosure controls and procedures (as defined in rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "Act")) as of a date within 90 days of the filing date of this document, the Chief Executive Officer and Treasurer and Principal Financial and Accounting Officer of the Registrant have concluded that such disclosure controls and procedures are effectively designed to ensure that information required to be disclosed by the Registrant on Form N-CSR and Form N-Q is accumulated and communicated to the Registrant's management to allow timely decisions regarding required disclosure.
- (b) There were no significant changes in the Registrant's internal controls over financial reporting (as defined in rule 30a-3(d) under the 1940 Act) that occurred during the Registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Registrant's internal control over financial reporting.

ITEM 3. EXHIBITS

The certifications required by Rule 30a-2(a) of the 1940 Act are filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Lehman Brothers First Trust Income Opportunity Fund

By: /s/Peter E. Sundman  
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Peter E. Sundman  
Chief Executive Officer

Date: May 29, 2007

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

By: /s/ Peter E. Sundman  
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Peter E. Sundman  
Chief Executive Officer

Date: May 29, 2007

By: /s/ John M. McGovern  
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John M. McGovern  
Treasurer and Principal Financial

and Accounting Officer

Date: May 29, 2007