LEHMAN BROTHERS FIRST TRUST INCOME OPPORTUNITY FUND Form N-O

November 29, 2006

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

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number

811-21342

Lehman Brothers First Trust Income Opportunity Fund (Exact name of registrant as specified in charter)

399 Park Avenue, New York, NY (Address of principal executive offices)

10022 (Zip code)

Peter E. Sundman, Chief Executive Officer

Lehman Brothers First Trust Income Opportunity Fund

605 Third Avenue, 2nd Floor, New York, New York 10158-0180

Arthur Delibert, Esq.

Kirkpatrick & Lockhart Nicholson Graham LLP

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

Registrant's telephone number, including area code: (212) 476-8800

Date of fiscal year end: 12/31/2006

Date of reporting period: 09/30/2006

Item 1. Schedule of Investments.

The schedule of investments for the period ending September 30, 2006 is filed herewith.

Lehman Brothers First Trust Income Opportunity Fund SCHEDULE OF INVESTMENTS

Description

Chemicals 4.5%

AmeriGas Partners, LP, Senior Note

Asset Backed Securities 0.8% of Total Net Assets

S&P

Ratings

Moody s

Ratings

Fitch

Ratings

Value

September 30, 2006

(Unaudited)

Principal

Amount

1,550,000

Asset Da	ckeu securities	0.0 /0 01 10tal Net Assets				
		Airlines 0.8%				
\$	1,405,000	Delta Airlines, Inc., Pass-Through				
		Certificates, Series 2000-1, Class A2				
		7.570%, 11/18/2010	BB	NR	В	\$ 1,406,756
		·				
		Total Asset Backed Securities (Identified				
		Cost \$1,304,949)				1,406,756
		, , ,				,,
Principal			S&P	Moody s	Fitch	
Amount		Description	Ratings	Ratings	Ratings	Value
	te Debt 144.59	% of Total Net Assets				,
o se poem		Automotive 17.8%				
\$	835,000	Ford Motor Co., Global Note				
	,	7.450%, 7/16/2031	В	В	В	\$ 645,037
3,730,000)	Ford Motor Credit Co., Global Note				, , , , , , , , , , , , , , , , , , , ,
- , , ,		7.375%, 10/28/2009	В	В	BB	3,624,829
5,000,000)	Ford Motor Credit Co., Note				2,021,025
,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		6.500%, 1/25/2007	В	В	BB	4,996,575
6,870,000)	Ford Motor Credit Co., Note, 144A				,,
0,010,000		9.750%, 9/15/2010	В	В	BB	7,093,096
5,475,000)	General Motors Acceptance Corp.,				.,,
,,		Global Note				
		6.875%, 9/15/2011	BB	Ba	BB	5,445,993
1,300,000)	General Motors Acceptance Corp., Note				
		8.000%, 11/01/2031	BB	Ba	BB	1,359,255
1,765,000)	General Motors Acceptance Corp., Senior				
		Note				
		7.000%, 2/01/2012	BB	Ba	BB	1,759,186
5,910,000)	General Motors Corp., Senior Note				
		8.250%, 7/15/2023	В	Caa	В	5,119,537
1,660,000)	Goodyear Tire & Rubber Co., Senior				
		Note				
		9.000%, 7/01/2015	В	В	CCC	1,684,900
						31,728,408
		Beverages, Food & Tobacco 0.6%				
1,120,000)	Le-Natures, Inc., Senior Subordinated				
		Note, 144A				
		10.000%, 6/15/2013	CCC	В	NR	1,153,600

	7.250%, 5/20/2015	NR	В	BB	1,544,187
670,000	AmeriGas Partners, LP/AP Eagle Finance				
	Corp., Senior Note				
	7.125%, 5/20/2016	NR	В	BB	659,950
1,270,000	Chemtura Corp., Note				
	6.875%, 6/01/2016	BB	Ba	NR	1,252,537
1,155,000	Equistar Chemicals, LP/Equistar Funding				
	Corp., Senior Note				
	10.625%, 5/01/2011	BB	В	BB	1,238,737
760,000	Lyondell Chemical Co., Senior Note				
	8.250%, 9/15/2016	В	В	BB	771,400
915,000	Methanex Corp., Senior Note				
	8.750%, 8/15/2012	BBB	Ba	BBB	985,912
1,745,000	PQ Corp., Senior Subordinated Note				
	7.500%, 2/15/2013	В	В	NR	1,657,750
					8,110,473
	Coal 3.8%				
2,650,000	Arch Western Finance LLC, Guaranteed				
	Senior Note				
	6.750%, 7/01/2013	BB	В	NR	2,544,000
3,240,000	Massey Energy Co., Senior Note				

	6.875%, 12/15/2013	В	В	NR	2,932,200
1,275,000	Peabody Energy Corp., Senior Note				
	6.875%, 3/15/2013	BB	Ba	BB	1,255,875
	C 11C 1 10 50				6,732,075
1,375,000	Commercial Services 10.5% Allied Waste North America Inc., Senior Note				
1,373,000	7.250%, 3/15/2015	BB	В	В	1,364,687
2,680,000	Cardtronics, Inc., Senior Subordinated Note, 144A	ББ	В	Ь	1,504,007
, ,	9.500%, 8/15/2013	В	В	NR	2,747,000
2,000,000	Education Management LLC/Education Management				
	Corp., Senior Note, 144A		_		
250,000	8.750%, 6/01/2014	CCC	В	NR	2,020,000
350,000	Education Management LLC/Education Management Corp., Senior Note, 144A				
	10.250%, 6/01/2016	CCC	Caa	NR	357,875
2,945,000	Knowledge Learning Corp., Inc., Senior Subordinated				
	Note, 144A				
	7.750%, 2/01/2015	В	В	NR	2,753,575
3,105,000	Language Line, Inc., Senior Subordinated Note	999	_	1.00	2010 (12
2 105 000	11.125%, 6/15/2012	CCC	В	NR	3,019,612
3,105,000	Monitronics International, Inc., Senior Subordinated Note				
	11.750%, 9/01/2010	В	В	NR	3,004,087
1,200,000	Service Corp. International/US, Senior Note, 144A		2	1120	2,001,007
	7.375%, 10/01/2014	BB	В	NR	1,207,500
1,020,000	Service Corp. International/US, Senior Note, 144A				
	7.625%, 10/01/2018	BB	В	NR	1,026,375
1,385,000	Service Corp. International/US, Senior Note, 144A 8.000%, 6/15/2017	BB	В	NR	1,326,137
	8.000%, 0/13/2017	DD	Б	INK	18,826,848
	Communications 5.3%				10,020,010
1,335,000	Dycom Industries, Inc., Subordinated Note				
	8.125%, 10/15/2015	В	Ba	NR	1,348,350
2,200,000	Intelsat Bermuda, Ltd., Senior Note, 144A	_	_	22	
2 275 000	9.250%, 6/15/2016	В	В	BB	2,312,750
3,375,000	Intelsat Subsidiary Holding Co., Ltd., Guaranteed Senior Note				
	8.625%, 1/15/2015	В	В	BB	3,450,937
450,000	L-3 Communications Corp., Senior Subordinated Note		2		2,120,227
	5.875%, 1/15/2015	BB	Ba	BB	427,500
1,830,000	L-3 Communications Corp., Senior Subordinated Note				
	7.625%, 6/15/2012	BB	Ba	BB	1,884,900
	Computers 1.9%				9,424,437
3,225,000	Sungard Data Systems, Inc., Senior Note				
,,	9.125%, 8/15/2013	В	Caa	В	3,337,875
	Consumer Products 0.7%				
1,110,000	Spectrum Brands, Inc., Senior Subordinated Note	aga	G	aga	000 000
520,000	7.375%, 2/01/2015 Spectrum Brands, Inc., Senior Subordinated Note	CCC	Caa	CCC	888,000
320,000	8.500%, 10/01/2013	CCC	Caa	CCC	449,800
	, 10,01,2010				1,337,800
	Containers & Packaging 3.5%				, ,
860,000	Ball Corp., Guaranteed Senior Note				
1.055.000	6.875%, 12/15/2012	BB	Ba	BB	866,450
1,855,000	Crown Americas LLC, Senior Note				

	7.750%, 11/15/2015	В	В	В	1,878,187
3,415,000	Owens-Brockway Glass Container, Senior Secured				
	Note				
	8.750%, 11/15/2012	BB	Ba	BB	3,602,825
					6,347,462
	Electric Utilities 9.0%				
1,445,000	AES Corp., (The) Senior Secured Note, 144A				

	9.7500/ 5/15/2012	BB	Ba	BB	1 540 762
2.505.000	8.750%, 5/15/2013	ВВ	Ва	ВВ	1,549,762
2,505,000	CMS Energy Corp., Senior Note	D	D	DD	2 (20 250
2 405 000	7.750%, 8/01/2010	В	Ba	BB	2,630,250
2,485,000	Midwest Generation LLC, Senior Secured Note	D	D	DD	2 (52 525
2.245.000	8.750%, 5/01/2034	В	Ba	BB	2,652,737
3,345,000	Mirant Americas Generation LLC, Inc., Senior Note	_	~	_	2 2 1 2 1 2 1
1 110 000	8.300%, 5/01/2011	В	Caa	В	3,349,181
1,410,000	Mission Energy Holding Co., Senior Secured Note	_	_		4 772 042
4.200.000	13.500%, 7/15/2008	В	В	BB	1,573,912
1,300,000	NRG Energy, Inc., Senior Note	_	_	_	
	7.375%, 2/01/2016	В	В	В	1,291,875
1,580,000	TECO Energy, Inc., Note				
	7.500%, 6/15/2010	BB	Ba	BB	1,659,000
1,500,000	TXU Corp., Series Q, Senior Note				
	6.500%, 11/15/2024	BB	Ba	BBB	1,421,169
					16,127,886
	Electronics 2.6%				
1,350,000	Flextronics International Ltd., Senior Subordinated				
	Note				
	6.500%, 5/15/2013	BB	Ba	BB	1,336,500
1,565,000	Sensata Technologies BV, Senior Note, 144A				
	8.000%, 5/01/2014	В	В	NR	1,521,963
1,720,000	Xerox Corp., Note				
	7.625%, 6/15/2013	BB	Ba	BBB	1,806,000
					4,664,463
	Entertainment & Leisure 12.9%				
1,210,000	AMC Entertainment, Inc., Senior Subordinated Note				
	11.000%, 2/01/2016	CCC	В	NR	1,318,900
2,160,000	AMF Bowling Worldwide, Inc., Senior Subordinated				
	Note				
	10.000%, 3/01/2010	CCC	В	NR	2,241,000
1,750,000	Blockbuster, Inc., Senior Subordinated Note				
	9.000%, 9/01/2012	CCC	Caa	CC	1,605,625
1,620,000	Chukchansi Economic Development Authority, Note,				
	144A				
	8.000%, 11/15/2013	BB	В	NR	1,662,525
1,090,000	Marquee, Inc., Series B, Senior Note				
	8.625%, 8/15/2012	В	Ba	В	1,125,425
1,275,000	Mohegan Tribal Gaming Authority, Senior				, ,
	Subordinated Note				
	8.000%, 4/01/2012	В	Ba	NR	1,319,625
1,600,000	Pokagon Gaming Authority, Senior Note, 144A				
	10.375%, 6/15/2014	В	В	NR	1,706,000
1,255,000	Royal Caribbean Cruises Ltd., Senior Note				, ,
	7.500%, 10/15/2027	BBB	Ba	NR	1,225,692
1,475,000	San Pasqual Casino, Senior Note, 144A				, ,
	8.000%, 9/15/2013	В	В	NR	1,500,813
480,000	Station Casinos, Inc., Senior Note				, ,
,	6.000%, 4/01/2012	BB	Ba	NR	463,200
2,100,000	Station Casinos, Inc., Senior Note				,
,,	7.750%, 8/15/2016	BB	Ba	NR	2,178,750
4,375,000	Station Casinos, Inc., Senior Subordinated Note				_,=,=,==
, , 0	6.875%, 3/01/2016	В	Ba	NR	4,101,563
3,385,000	WMG Holdings Corp., Senior Note, Step-Up	_			, , 5 00
, ,	0.000%/9.500%, 12/15/2014 (b)	В	В	В	2,521,825
	(0)	_		_	22,970,943
	Financial Services 1.1%				_,, ,,

500,000	American Real Estate Partners, LP, Senior Note				
	8.125%, 6/01/2012	BB	Ba	NR	512,500
1,470,000	American Real Estate Partners, LP/American Real Estate Finance Corp., Senior Note				
	7.125%, 2/15/2013	BB	Ba	NR	1,462,650
					1,975,150

1,090,000 Bowater, Inc., Note 9,000%, 8/01/2009 B B B B B B B B B		Forest Products & Paper 1.8%				
S35,000 Bowater, Inc., Senior Note, (FRN) S. 3096., 1215/2016 B B B B S42,356	1,090,000	-				
8.390% 12/15/2006		9.000%, 8/01/2009	В	В	BB	1,128,150
1,200,00 Graphic Packaging International Corp., Senior Subordinated Note 1,200,00 Craphic Packaging International Corp., Senior Note 1,200,00 R/S/15/2011 B B B B B 1,227,000 3,214,481 Realth Care Providers 7.8% 1,220,00 HCA, Inc., Note 1,200,00 HCA, Inc., Note 1,200,00 HCA, Inc., Senior Note 1,500,000 HCA, Inc., Senior Note 1,500,000 HCA, Inc., Senior Subordinated Note, 1,44A 10,37%, 4/15/2016 B B B B B B B B B B B B B B B B B B	535,000	Bowater, Inc., Senior Note, (FRN)				
Subordinated Note 9,500%, &1/15/2013 B B B 316,975			В	В	BB	542,356
1,200,000 Graphic Packaging International Corp., Senior Note S.500%, 8/15/2011 B B B B B 1,227,000	310,000					
1,200,000 Graphic Packaging International Corp., Senior Note 8 8 8 1,227,000 3,214,481			_	_	_	
Realth Care Providers 7.8%	1.200.000		В	В	В	316,975
Health Care Providers 7.8%	1,200,000		D	D	D	1 227 000
Health Care Providers 7.8% 1,220,000		8.300%, 8/13/2011	В	В	В	
1,220,000		Health Care Providers 78%				5,214,461
1,620,000 HCA, Inc., Senior Note BB Ba BB Ba BB 1,032,425 1,620,000 HCA, Inc., Senior Note BB Ba BB 1,549,125 550,000 Multiplan, Inc., Senior Subordinated Note, 144A 10,375%, 41752016 B Caa NR 552,750 National Mentor Holdings, Senior Subordinated Note, 144A 11,250%, 7/01/2014 CCC Caa NR 1,014,000 Comnicare Inc., Senior Subordinated Note 6,750%, 12/15/2013 BB Ba NR 252,850 Commission 6,125%, 6/01/2013 BB Ba NR 699,300 Comnicare, Inc., Senior Subordinated Note 6,125%, 6/01/2013 BB Ba NR 699,300 Comnicare, Inc., Senior Subordinated Note 9,875%, 3/15/2013 CCC B NR 2,093,344 Commission 7,000%, 12/15/2012 CCC Caa NR 2,329,688 Commission 7,000%, 11/15/2013 BB B B B S24,475 Commission 1,1000%, 12/15/2012 CCC Caa NR 2,329,688 Commission 1,1000%, 12/15/2012 CCC Caa NR 2,329,688 Commission 1,1000%, 12/15/2013 B B B B S24,475 Commission 1,1000%, 12/15/2013 B B B B S24,475 Commission 1,1000%, 11/15/2013 B B B B S24,475 Commission 1,1000%, 11/15/2014 CCC Caa Caa	1 220 000					
1,620,000 HCA, Inc., Senior Note 7.875%, 2/01/2011 BB Ba BB 1,549,125	1,220,000		BB	Ba	BB	1.032.425
7,875%, 2/01/2011 BB Ba BB	1,620,000					-,, :
10.375%, 4/15/2016 B Caa NR 552,750			BB	Ba	BB	1,549,125
975,000 National Mentor Holdings, Senior Subordinated Note, 144A 11.250%, 7/01/2014 CCC Caa NR 1,014,000 260,000 Omnicare Inc., Senior Subordinated Note 6.750%, 12/15/2013 BB Ba NR 252,850 740,000 Omnicare, Inc., Senior Subordinated Note 6.125%, 6/01/2013 BB Ba NR 699,300 2,025,000 Rural/Metro Corp., Senior Subordinated Note 9.875%, 3/15/2015 CCC B NR 2,093,344 2,485,000 Spheris, Inc., Senior Subordinated Note 11.000%, 12/15/2012 CCC Caa NR 2,329,688 540,000 Triad Hospitals, Inc., Senior Subordinated Note 7.000%, 11/15/2013 B B B B S 524,475 1,115,000 US Oncology Holdings, Inc., Senior Note, (FRN) 10.675%, 3/15/2017 B B B NR 1,137,300 US Oncology, Inc., Senior Note 9,000%, 8/15/2012 B B B NR 734,850 Ventas Realty, LP/Ventas Capital Corp. REIT, Senior Note 6,500%, 6/01/2016 BB BB BB BB 2,002,406 13,922,513 Media - Broadcasting & Publishing 27.3% CCH I Holdings LLC, Guaranteed Senior Note 10.000%, 5/15/2014 CCC Caa CCC 3,296,930 CCH I Holdings LLC, Guaranteed Senior Note, 144A 8,000%, 4/30/2012 B B B B B B 1,360,125 1,360,000 Charter Communications Operating LLC/Charter Communications Capital Corp., Senior Note, 144A 8,375%, 4/30/2014 B B B B B 1,016,250 CMP Susquehanna Corp., Senior Subordinated Note, 144A 9,875%, 5/15/2014 CCC B NR 3,238,300 CMP Susquehanna Corp., Senior Subordinated Note, 144A 9,875%, 5/15/2014 CCC B NR 3,238,300 CMP Susquehanna Corp., Senior Subordinated Note, 144A 9,875%, 5/15/2014 CCC B NR 3,238,300 CCSC Holdings, Inc., Series B, Senior Note 8,125%, 8/15/2009 B B B B B 2,616,531	550,000	Multiplan, Inc., Senior Subordinated Note, 144A				
144A		10.375%, 4/15/2016	В	Caa	NR	552,750
11.250%, 7/01/2014	975,000	_				
260,000						
6,750%, 12/15/2013			CCC	Caa	NR	1,014,000
740,000 Omnicare, Inc., Senior Subordinated Note 6.125%, 601/2013 BB Ba NR 699,300 2,025,000 Rural/Metro Corp., Senior Subordinated Note 9,875%, 3/15/2015 CCC B NR 2,485,000 Spheris, Inc., Senior Subordinated Note 11,000%, 12/15/2012 CCC Caa NR 2,329,688 540,000 Triad Hospitals, Inc., Senior Subordinated Note 7,000%, 11/15/2013 BB BB B S24,475 1,115,000 US Oncology Holdings, Inc., Senior Note, (FRN) 10,675%, 3/15/2007 BB B NR 1,137,300 710,000 US Oncology, Inc., Senior Note 9,000%, 8/15/2012 BB BB NR 734,850 Ventas Realty, LP/Ventas Capital Corp. REIT, Senior Note 6,500%, 6/01/2016 BB BB BA BBB 2,002,406 13,922,513 Media - Broadcasting & Publishing 27.3% CCH I Holdings LLC, Guaranteed Senior Note 10,000%, 5/15/2014 CCC Caa CCC 3,296,930 1,350,000 CCH I LLC, Senior Secured Note 11,000%, 10/01/2015 CCC Caa CCC 3,296,930 1,350,000 Charter Communications Operating LLC/Charter Communications Capital Corp., Senior Note, 144A 8,000%, 4/30/2012 BB BB BB BB BB 1,360,125 1,000,000 Charter Communications Operating LLC/Charter Communications Capital Corp., Senior Note, 144A 8,375%, 4/30/2014 BB BB BB 1,016,250 CMP Susquehanna Corp., Senior Subordinated Note, 144A 9,875%, 5/15/2014 CCC BB NR 3,238,300 CCM CMP Susquehanna Corp., Senior Subordinated Note, 144A 9,875%, 5/15/2014 CCC BB NR 3,238,300 CCCC CCC CCC CCC CCC CCC CCC CCCC CC	260,000		D.D.	T.	ND	252.050
2,025,000 Rural/Metro Corp., Senior Subordinated Note 9,875%, 3/15/2015 CCC B NR 2,093,344 2,485,000 Spheris, Inc., Senior Subordinated Note 11,000%, 12/15/2012 CCC Caa NR 2,329,688 540,000 Triad Hospitals, Inc., Senior Subordinated Note 7,000%, 11/15/2013 B B B B B S24,475 1,115,000 US Oncology Holdings, Inc., Senior Note, (FRN) 10,675%, 3/15/2007 B B B NR 1,137,300 110,000 US Oncology, Inc., Senior Note 9,000%, 8/15/2012 B B B NR 734,850 Ventas Realty, LP/Ventas Capital Corp. REIT, Senior Note 6,500%, 6/01/2016 BB B B B BB 2,002,406 13,922,513 Media - Broadcasting & Publishing 27.3% 2,005,000 CCH I Holdings LLC, Guaranteed Senior Note 10,000%, 5/15/2014 CCC Caa CCC 1,368,413 3,623,000 CCH I LLC, Senior Secured Note 11,000%, 10/01/2015 CCC Caa CCC 3,296,930 1,350,000 Charter Communications Operating LLC/Charter Communications Capital Corp., Senior Note, 144A 8,300,000, 4/30/2012 B B B B B B 1,360,125 1,000,000 Charter Communications Operating LLC/Charter Communications Capital Corp., Senior Note, 144A 8,375%, 4/30/2014 B B B B B 1,016,250 CMP Susquehanna Corp., Senior Subordinated Note, 144A 9,875%, 5/15/2014 CCC B NR NR 3,238,300 CMP Susquehanna Corp., Senior Subordinated Note, 144A 9,875%, 5/15/2014 CCC B NR NR 3,238,300 CCSC Holdings, Inc., Series B, Senior Note 8,125%, 8/15/2009 B B B B B B 2,616,531	740,000		ВВ	Ва	NR	252,850
2,025,000 Rural/Metro Corp., Senior Subordinated Note 9,875%, 3/15/2015 CCC B NR 2,093,344 2,485,000 Spheris, Inc., Senior Subordinated Note 11.000%, 12/15/2012 CCC Caa NR 2,329,688 540,000 Triad Hospitals, Inc., Senior Subordinated Note 7.000%, 11/15/2013 B B B B S24,475 1,115,000 US Oncology Holdings, Inc., Senior Note, (FRN) 10.675%, 3/15/2007 B B B NR 1,137,300 1US Oncology, Inc., Senior Note 9,000%, 8/15/2012 B B B NR 734,850 2,015,000 Ventas Realty, LP/Ventas Capital Corp. REIT, Senior Note 6.500%, 6/01/2016 BB B B BB BB 2,002,406 13,922,513 Media - Broadcasting & Publishing 27.3% CCH I Holdings LLC, Guaranteed Senior Note 10.000%, 5/15/2014 CCC Caa CCC 1,368,413 3,623,000 CH ILLC, Senior Secured Note 11.000%, 5/15/2014 CCC Caa CCC 3,296,930 1,350,000 Charter Communications Operating LLC/Charter Communications Capital Corp., Senior Note, 144A 8,000%, 4/30/2012 B B B B B 1,360,125 1,000,000 Charter Communications Operating LLC/Charter Communications Capital Corp., Senior Note, 144A 8,375%, 4/30/2014 B B B B B 1,016,250 CMP Susquehanna Corp., Senior Subordinated Note, 144A 9,875%, 5/15/2014 CCC B NR NR 3,238,300 CCSC Holdings, Inc., Series B, Senior Note 8,125%, 8/15/2009 B B B B B 2,616,531	740,000		DD	Do	ND	600 200
9,875%, 3/15/2015 CCC B NR 2,093,344	2 025 000	•	DD	Ба	INK	099,300
2,485,000 Spheris, Inc., Senior Subordinated Note 11,000%, 12/15/2012 CCC Caa NR 2,329,688 540,000 Triad Hospitals, Inc., Senior Subordinated Note 7,000%, 11/15/2013 B B B B S24,475 1,115,000 US Oncology Holdings, Inc., Senior Note, (FRN) 10,675%, 3/15/2007 B B B NR 1,137,300 1US Oncology, Inc., Senior Note 9,000%, 8/15/2012 B B B NR 734,850 2,015,000 Ventas Realty, LP/Ventas Capital Corp. REIT, Senior Note 6,500%, 6/01/2016 BB B B B B B D D,000%, 8/15/2016 BB B B B B D,000,000%, 8/15/2014 CCC Caa CCC 1,368,413 Media - Broadcasting & Publishing 27.3% CCH I Holdings LLC, Guaranteed Senior Note 10,000%, 5/15/2014 CCC Caa CCC 3,296,930 1,350,000 Charter Communications Operating LLC/Charter Communications Capital Corp., Senior Note, 144A 8,000%, 4/30/2012 B B B B B B 1,360,125 1,000,000 Charter Communications Operating LLC/Charter Communications Capital Corp., Senior Note, 144A 8,375%, 4/30/2014 B B B B B 1,016,250 CMP Susquehanna Corp., Senior Subordinated Note, 144A 9,875%, 5/15/2014 CCC B NR 3,238,300 CSC Holdings, Inc., Series B, Senior Note B B B B B B 2,616,531	2,023,000	•	CCC	R	NR	2 093 344
11,000%, 12/15/2012	2.485.000		ccc	Б	1110	2,073,311
540,000 Triad Hospitals, Inc., Senior Subordinated Note 7,000%, 11/15/2013 B B B B S24,475 1,115,000 US Oncology Holdings, Inc., Senior Note, (FRN) 10,675%, 3/15/2007 B B B B NR 1,137,300 710,000 US Oncology, Inc., Senior Note 9,000%, 8/15/2012 B B B NR 734,850 2,015,000 Ventas Realty, LP/Ventas Capital Corp. REIT, Senior Note 6,500%, 6/01/2016 BB Ba BBB 2,002,406 13,922,513 Media - Broadcasting & Publishing 27.3% 2,005,000 CCH I Holdings LLC, Guaranteed Senior Note 10,000%, 5/15/2014 CCC Caa CCC 1,368,413 3,623,000 CCH I LLC, Senior Secured Note 11,000%, 10/01/2015 CCC Caa CCC 3,296,930 1,350,000 Charter Communications Operating LLC/Charter Communications Capital Corp., Senior Note, 144A 8,000%, 4/30/2012 B B B B B 1,360,125 1,000,000 Charter Communications Operating LLC/Charter Communications Capital Corp., Senior Note, 144A 8,375%, 4/30/2014 B B B B B B 1,016,250 CMP Susquehanna Corp., Senior Subordinated Note, 144A 9,875%, 5/15/2014 CCC B NR 3,238,300 CSC Holdings, Inc., Series B, Senior Note 8,125%, 8/15/2009 B B B B B B 2,616,531	2,100,000		CCC	Caa	NR	2,329,688
7,000%, 11/15/2013 BBBBBBS524,475 1,115,000 US Oncology Holdings, Inc., Senior Note, (FRN) 10,675%, 3/15/2007 BBBBBBNR 1,137,300 VS Oncology, Inc., Senior Note 9,000%, 8/15/2012 BBBBBNR 734,850 Ventas Realty, LP/Ventas Capital Corp. REIT, Senior Note 6,500%, 6/01/2016 BBBBBBBBBBBBBBBBBBBBBBBBBBBBBBBBBBBB	540,000					, ,
10.675%, 3/15/2007			В	В	В	524,475
710,000 US Oncology, Inc., Senior Note 9,000%, 8/15/2012 B B B NR 734,850 2,015,000 Ventas Realty, LP/Ventas Capital Corp. REIT, Senior Note 6,500%, 6/01/2016 BB Ba BBB 2,002,406 13,922,513 Media - Broadcasting & Publishing 27.3% 2,005,000 CCH I Holdings LLC, Guaranteed Senior Note 10,000%, 5/15/2014 CCC Caa CCC 1,368,413 3,623,000 CCH I LLC, Senior Secured Note 11,000%, 10/01/2015 CCC Caa CCC 3,296,930 1,350,000 Charter Communications Operating LLC/Charter Communications Capital Corp., Senior Note, 144A 8,000%, 4/30/2012 B B B B B 1,360,125 1,000,000 Charter Communications Operating LLC/Charter Communications Capital Corp., Senior Note, 144A 8,375%, 4/30/2014 B B B B B 1,016,250 3,445,000 CMP Susquehanna Corp., Senior Subordinated Note, 144A 9,875%, 5/15/2014 CCC B NR 3,238,300 CSC Holdings, Inc., Series B, Senior Note 8,125%, 8/15/2009 B B B B B B 2,616,531	1,115,000	US Oncology Holdings, Inc., Senior Note, (FRN)				
9.000%, 8/15/2012 B B B NR 734,850 Ventas Realty, LP/Ventas Capital Corp. REIT, Senior Note 6.500%, 6/01/2016 BB Ba BB BB 2,002,406 13,922,513 Media - Broadcasting & Publishing 27.3% 2,005,000 CCH I Holdings LLC, Guaranteed Senior Note 10.000%, 5/15/2014 CCC Caa CCC 1,368,413 3,623,000 CCH I LLC, Senior Secured Note 11.000%, 10/01/2015 CCC Caa CCC 3,296,930 1,350,000 Charter Communications Operating LLC/Charter Communications Capital Corp., Senior Note, 144A 8,000%, 4/30/2012 B B B B B 1,360,125 1,000,000 Charter Communications Operating LLC/Charter Communications Capital Corp., Senior Note, 144A 8,375%, 4/30/2014 B B B B B 1,016,250 3,445,000 CMP Susquehanna Corp., Senior Subordinated Note, 144A 9,875%, 5/15/2014 CCC B NR 3,238,300 2,525,000 CSC Holdings, Inc., Series B, Senior Note 8,125%, 8/15/2009 B B B B B B B 2,616,531			В	В	NR	1,137,300
2,015,000 Ventas Realty, LP/Ventas Capital Corp. REIT, Senior Note 6.500%, 6/01/2016 BB Ba BB BB 2,002,406 13,922,513 Media - Broadcasting & Publishing 27.3% 2,005,000 CCH I Holdings LLC, Guaranteed Senior Note 10.000%, 5/15/2014 CCC Caa CCC 1,368,413 3,623,000 CCH I LLC, Senior Secured Note 11.000%, 10/01/2015 CCC Caa CCC 3,296,930 1,350,000 Charter Communications Operating LLC/Charter Communications Capital Corp., Senior Note, 144A 8.000%, 4/30/2012 BBBBBBBBBBBBBBBBBBBBBBBBBBBBBBBBBBB	710,000					
Note	• • • • • • • • • • • • • • • • • • • •		В	В	NR	734,850
6.500%, 6/01/2016 BB BB BB BB BB 2,002,406 13,922,513 Media - Broadcasting & Publishing 27.3% 2,005,000 CCH I Holdings LLC, Guaranteed Senior Note 10.000%, 5/15/2014 CCC Caa CCC 1,368,413 3,623,000 CCH I LLC, Senior Secured Note 11.000%, 10/01/2015 CCC Caa CCC 3,296,930 1,350,000 Charter Communications Operating LLC/Charter Communications Capital Corp., Senior Note, 144A 8.000%, 4/30/2012 BBBBBBBBBBBBBBBBBBBBBBBBBBBBBBBBBBB	2,015,000					
Media - Broadcasting & Publishing 27.3%			DD	D-	DDD	2.002.406
Media - Broadcasting & Publishing 27.3%		0.300%, 0/01/2010	ВВ	Ба	ввв	
2,005,000 CCH I Holdings LLC, Guaranteed Senior Note 10.000%, 5/15/2014 CCC Caa CCC 1,368,413 3,623,000 CCH I LLC, Senior Secured Note 11.000%, 10/01/2015 CCC Caa CCC 3,296,930 1,350,000 Charter Communications Operating LLC/Charter Communications Capital Corp., Senior Note, 144A 8.000%, 4/30/2012 B B B B 1,360,125 1,000,000 Charter Communications Operating LLC/Charter Communications Capital Corp., Senior Note, 144A 8.375%, 4/30/2014 B B B B B 1,016,250 3,445,000 CMP Susquehanna Corp., Senior Subordinated Note, 144A 9.875%, 5/15/2014 CCC B NR 3,238,300 2,525,000 CSC Holdings, Inc., Series B, Senior Note 8.125%, 8/15/2009 B B B B B B 2,616,531		Media - Broadcasting & Publishing 27.3%				13,922,313
10.000%, 5/15/2014 CCC Caa CCC 1,368,413 3,623,000 CCH I LLC, Senior Secured Note	2.005.000					
3,623,000 CCH I LLC, Senior Secured Note 11.000%, 10/01/2015 CCC Caa CCC 3,296,930 1,350,000 Charter Communications Operating LLC/Charter Communications Capital Corp., Senior Note, 144A 8.000%, 4/30/2012 B B B B 1,360,125 1,000,000 Charter Communications Operating LLC/Charter Communications Capital Corp., Senior Note, 144A 8.375%, 4/30/2014 B B B B 1,016,250 3,445,000 CMP Susquehanna Corp., Senior Subordinated Note, 144A 9.875%, 5/15/2014 CCC B NR 3,238,300 2,525,000 CSC Holdings, Inc., Series B, Senior Note 8.125%, 8/15/2009 B B B B B B 2,616,531	2,002,000		CCC	Caa	CCC	1.368.413
11.000%, 10/01/2015	3,623,000					, ,
Communications Capital Corp., Senior Note, 144A 8.000%, 4/30/2012 B B B B 1,360,125 1,000,000 Charter Communications Operating LLC/Charter Communications Capital Corp., Senior Note, 144A 8.375%, 4/30/2014 B B B B 1,016,250 3,445,000 CMP Susquehanna Corp., Senior Subordinated Note, 144A 9.875%, 5/15/2014 CCC B NR 3,238,300 2,525,000 CSC Holdings, Inc., Series B, Senior Note 8.125%, 8/15/2009 B B B B B C,616,531			CCC	Caa	CCC	3,296,930
8.000%, 4/30/2012 B B B B 1,360,125 1,000,000 Charter Communications Operating LLC/Charter Communications Capital Corp., Senior Note, 144A 8.375%, 4/30/2014 B B B B 1,016,250 3,445,000 CMP Susquehanna Corp., Senior Subordinated Note, 144A 9.875%, 5/15/2014 CCC B NR 3,238,300 2,525,000 CSC Holdings, Inc., Series B, Senior Note 8.125%, 8/15/2009 B B B B B C,616,531	1,350,000					
1,000,000 Charter Communications Operating LLC/Charter Communications Capital Corp., Senior Note, 144A 8.375%, 4/30/2014 B B B B 1,016,250 3,445,000 CMP Susquehanna Corp., Senior Subordinated Note, 144A CCC B NR 3,238,300 2,525,000 CSC Holdings, Inc., Series B, Senior Note 8.125%, 8/15/2009 B		• •				
Communications Capital Corp., Senior Note, 144A 8.375%, 4/30/2014 B B B I,016,250 3,445,000 CMP Susquehanna Corp., Senior Subordinated Note, 144A 9.875%, 5/15/2014 CCC B NR 3,238,300 2,525,000 CSC Holdings, Inc., Series B, Senior Note 8.125%, 8/15/2009 B B B B B 2,616,531			В	В	В	1,360,125
8.375%, 4/30/2014 B B B 1,016,250 3,445,000 CMP Susquehanna Corp., Senior Subordinated Note, 144A 9.875%, 5/15/2014 CCC B NR 3,238,300 2,525,000 CSC Holdings, Inc., Series B, Senior Note 8.125%, 8/15/2009 B B B B B 2,616,531	1,000,000					
3,445,000 CMP Susquehanna Corp., Senior Subordinated Note, 144A 9.875%, 5/15/2014 CCC B NR 3,238,300 2,525,000 CSC Holdings, Inc., Series B, Senior Note 8.125%, 8/15/2009 B B B B B 2,616,531			D	T.	T.	1.016.050
144A 9.875%, 5/15/2014 CCC B NR 3,238,300 2,525,000 CSC Holdings, Inc., Series B, Senior Note 8.125%, 8/15/2009 B B B B 2,616,531	2 445 000		В	В	В	1,016,250
9.875%, 5/15/2014 CCC B NR 3,238,300 2,525,000 CSC Holdings, Inc., Series B, Senior Note 8.125%, 8/15/2009 B B B B 2,616,531	3,445,000					
2,525,000 CSC Holdings, Inc., Series B, Senior Note 8.125%, 8/15/2009 B B BB 2,616,531			CCC	R	NP	3 238 300
8.125%, 8/15/2009 B BB 2,616,531	2 525 000			D	INIX	3,230,300
	2,525,000		В	В	BB	2.616.531
	290,000		2		20	2,010,001
B, Senior Note	, -					

	8.500%, 8/15/2010	В	В	В	299,425
580,000	Dex Media West LLC/Dex Media Finance Co., Series				
	B, Senior Subordinated Note				
	9.875%, 8/15/2013	В	В	В	626,400
2,960,000	Dex Media, Inc., Note				
	8.000%, 11/15/2013	В	В	CCC	2,937,800
1,465,000	DirecTV Holdings LLC, Senior Note				
	6.375%, 6/15/2015	BB	Ba	BB	1,377,100

660,000	DirecTV Holdings LLC/DirecTV Financing Co., Senior Note				
	8.375%, 3/15/2013	BB	Ba	BB	683,925
2,010,000	Echostar DBS Corp., Guaranteed Senior Note, 144A 7.125%, 2/01/2016	BB	Ba	BB	1,942,163
1,400,000	Echostar DBS Corp., Senior Note	DD	Da	DD	1,742,103
4.4.7.000	6.625%, 10/01/2014	BB	Ba	BB	1,331,750
1,115,000	Echostar DBS Corp., Senior Note, 144A 7.000%, 10/01/2013	BB	Ba	BB	1,089,913
720,000	Entercom Radio LLC/Entercom Capital, Inc., Senior Subordinated Note	DD	Du	DD	1,002,213
	7.6250/- 2/01/2014	В	Do	NR	702.000
4,935,000	7.625%, 3/01/2014 Houghton Mifflin Co., Senior Note	Б	Ba	NK	702,900
	8.250%, 2/01/2011	CCC	В	В	5,070,713
580,000	LIN Television Corp., Senior Subordinated Note	D	D	ND	540.050
675,000	6.500%, 5/15/2013 LIN Television Corp., Series B, Senior Subordinated	В	Ba	NR	540,850
075,000	Note				
	6.500%, 5/15/2013	В	Ba	NR	629,438
2,070,000	Mediacom LLC/Mediacom Capital Corp., Senior Note	D	D	CCC	2 116 575
5,615,000	9.500%, 1/15/2013 Paxson Communications Corp., Senior Note, 144A,	В	В	CCC	2,116,575
5,015,000	(FRN)				
	11.757%, 10/16/2006	CCC	Caa	NR	5,657,113
2,225,000	Primedia, Inc., Senior Note	D	D	ND	2.174.020
300,000	8.875%, 5/15/2011 Primedia, Inc., Senior Note, (FRN)	В	В	NR	2,174,938
500,000	10.780%, 11/15/2006	В	В	NR	306,750
3,130,000	RH Donnelley Corp., Senior Note				
1 400 000	8.875%, 1/15/2016	В	В	CCC	3,137,825
1,400,000	Rogers Cable, Inc., Senior Secured Note 6.250%, 6/15/2013	BB	Ba	BB	1,382,500
1,135,000	Rogers Cable, Inc., Senior Secured Note	ББ	Βu	ББ	1,302,300
	7.875%, 5/01/2012	BB	Ba	BB	1,211,613
1,355,000	Rogers Cable, Inc., Senior Secured Note	D.D.	D	DD.	1.500.000
1,025,000	8.750%, 5/01/2032 Young Broadcasting, Inc., Senior Subordinated Note	BB	Ba	BB	1,598,900
1,023,000	8.750%, 1/15/2014	CCC	Caa	NR	871,250
190,000	Young Broadcasting, Inc., Senior Subordinated Note				
	10.000%, 3/01/2011	CCC	Caa	NR	177,413
	Medical Supplies 1.5%				48,763,803
3,715,000	CDRV Investors, Inc., Senior Note, Step-Up				
	0.000%/9.625%, 1/01/2015 (b)	В	Caa	NR	2,749,100
	011.0.0				
2,065,000	Oil & Gas 9.0% Chesapeake Energy Corp., Senior Note				
2,003,000	6.375%, 6/15/2015	BB	Ba	BB	1,972,075
670,000	Chesapeake Energy Corp., Senior Note				· · ·
	7.500%, 9/15/2013	BB	Ba	BB	680,050
2,650,000	El Paso Corp., Note 7.750%, 6/15/2010	D	D	ND	2.742.750
920,000	El Paso Corp., Senior Note	В	В	NR	2,742,750
.,	9.625%, 5/15/2012	В	В	NR	1,018,900
2,190,000	El Paso Natural Gas Co., Note				
	8.375%, 6/15/2032	В	Ba	NR	2,507,116

1,235,000	Ferrellgas Partners, LP/Ferrellgas Partners Finance Corp., Senior Note				
	8.750%, 6/15/2012	В	В	NR	1,284,400
840,000	Forest Oil Corp., Senior Note				
	7.750%, 5/01/2014	В	В	NR	848,400
1,090,000	Forest Oil Corp., Senior Note				
	8.000%, 12/15/2011	В	В	NR	1,128,150

S00,000 NewField Exploration Co., Senior Note 7,252%, 301/1201 BB Ba BB 515,625 35,000 Southern Natural Gas Co., Note 8,00%, 301/12032 B Ba NR 480,949 780,000 Southern Natural Gas Co., Note 8,00%, 301/12032 B Ba NR 788,025 78,00%, 301/12032 BB Ba NR 788,025 78,00%, 11/12/1206 BB Ba BB 2,062,969 16,029,40						
A55,000 Southern Natural Gas Co., Note R0,00% 3,01/2032 B	500,000	•				
8,000%, 3/01/2032		7.625%, 3/01/2011	BB	Ba	BB	515,625
Targa Resources, Inc., Senior Note, 144A S. S. S. S. S. S. S. S	435,000	Southern Natural Gas Co., Note				
S.500%, 11/01/2013		8.000%, 3/01/2032	В	Ba	NR	480,949
S.500%, 11/01/2013	790,000	Targa Resources, Inc., Senior Note, 144A				
Transcontinental Gas Pipe Line Corp., Note 7.250%, 1201/2026 BB Ba BB 2.062,969 16,029,409			В	В	NR	788,025
7.250%, 12/01/2026	2.025.000					
Pharmaceuticals 0.7%	_,,,,,,	i i i	RR	Ba	RRR	2.062.969
Pharmaceuticals 0.7%		1.25070, 12.01/2020	DD .	Bu	DDD	
1,280,000		Pharmaceuticals 0.7%				10,029,109
Senior Note, (FRN) 9.405%, 11/15/2006 B B NR 1,292,800	1 280 000					
Restaurants	1,200,000					
1,430,000 NPC International, Inc., Senior Subordinated Note, 144A 1,408,550			D	D	NID	1 202 200
1,430,000 NPC International, Inc., Senior Subordinated Note, 144A 9,500%, 5/01/2014 B Caa NR 1,408,550 Retailers 5.7%		9.405%, 11/13/2000	Б	Б	INK	1,292,000
1,430,000 NPC International, Inc., Senior Subordinated Note, 144A 9,500%, 5/01/2014 B Caa NR 1,408,550 Retailers 5.7%		Destaurants 0.00				
144A	1 420 000					
P.500%, 5/01/2014	1,430,000					
Retailers 5.7%			.	G	ND.	1 400 550
2,255,000 Amscan Holdings, Inc., Senior Subordinated Note 8.75%, 5/01/2014 CCC Caa NR 2,040,775 640,000 Autonation, Inc., Guaranteed Senior Note, 144A 7,000%, 4/15/2014 BB BB Ba BB 638,400 1,130,000 Dollarama Group, LP, Senior Subordinated Note 8.875%, 8/15/2012 B B NR 1,152,600 660,000 GSC Holdings Corp., Guaranteed Senior Note 8.000%, 1,001/2012 B B B NR 679,800 2,045,000 JC Penney Corp., Note 8.125%, 4/01/2027 BB BB Baa BBB 2,112,800 3,110,000 Jean Coutt Group, Inc., Senior Subordinated Note 8.500%, 8/01/2014 B Caa CCC 2,993,375 815,000 Movie Gallery, Inc., Senior Note 11,000%, 5/01/2012 CCC Caa NR 521,600 11,000%, 5/01/2012 CCC B B B 3335,200 451,427 Calpoint Receivables Structured Trust 2001, Note, 144A 7,440%, 12/10/2006 NR BCCC 452,556 2,635,000 Centennial Cellular Operating Co./Centennial Communications Corp., Guaranteed Senior Note 10,125%, 6/15/2013 CCC B B B 2,799,688 35,000 Dobson Cellular Systems, Senior Note 8,875%, 1/01/2011 B B Ba BB BB 36,3356 1,370,000 Dobson Cellular Systems, Senior Note 8,875%, 1/01/2011 B B BB BB BB S,344,201 2,540,000 Nordic Telephone Co. Holdings, Senior Note, 144A 8,875%, 5/01/2016 B B B B B B S,344,201 2,540,000 Nordic Telephone Co. Holdings, Senior Note, 144A 8,875%, 5/01/2016 B B B B B B S,344,201 3,280,000 Qwest Corp., Note 8,875%, 3/15/2012 BB BB BB BB BB 3,579,300 665,000 Rogers Wireless Communications, Inc., Senior Secured Note		9.500%, 5/01/2014	В	Caa	NR	1,408,550
2,255,000 Amscan Holdings, Inc., Senior Subordinated Note 8.75%, 5/01/2014 CCC Caa NR 2,040,775 640,000 Autonation, Inc., Guaranteed Senior Note, 144A 7,000%, 4/15/2014 BB BB Ba BB 638,400 1,130,000 Dollarama Group, LP, Senior Subordinated Note 8.875%, 8/15/2012 B B NR 1,152,600 660,000 GSC Holdings Corp., Guaranteed Senior Note 8.000%, 1,001/2012 B B B NR 679,800 2,045,000 JC Penney Corp., Note 8.125%, 4/01/2027 BB BB Baa BBB 2,112,800 3,110,000 Jean Coutt Group, Inc., Senior Subordinated Note 8.500%, 8/01/2014 B Caa CCC 2,993,375 815,000 Movie Gallery, Inc., Senior Note 11,000%, 5/01/2012 CCC Caa NR 521,600 11,000%, 5/01/2012 CCC B B B 3335,200 451,427 Calpoint Receivables Structured Trust 2001, Note, 144A 7,440%, 12/10/2006 NR BCCC 452,556 2,635,000 Centennial Cellular Operating Co./Centennial Communications Corp., Guaranteed Senior Note 10,125%, 6/15/2013 CCC B B B 2,799,688 35,000 Dobson Cellular Systems, Senior Note 8,875%, 1/01/2011 B B Ba BB BB 36,3356 1,370,000 Dobson Cellular Systems, Senior Note 8,875%, 1/01/2011 B B BB BB BB S,344,201 2,540,000 Nordic Telephone Co. Holdings, Senior Note, 144A 8,875%, 5/01/2016 B B B B B B S,344,201 2,540,000 Nordic Telephone Co. Holdings, Senior Note, 144A 8,875%, 5/01/2016 B B B B B B S,344,201 3,280,000 Qwest Corp., Note 8,875%, 3/15/2012 BB BB BB BB BB 3,579,300 665,000 Rogers Wireless Communications, Inc., Senior Secured Note		5.0				
8.750%, 5/01/2014						
Autonation, Inc., Guaranteed Senior Note, 144A BB Ba BB 638,400	2,255,000					
7,000%, 4/15/2014			CCC	Caa	NR	2,040,775
1,130,000 Dollarama Group, LP, Senior Subordinated Note	640,000					
8.875%, 8/15/2012 B B B NR 1,152,600 660,000 GSC Holdings Corp., Guaranteed Senior Note 8.000%, 10/01/2012 B B B NR 679,800 2,045,000 JC Penney Corp., Note 8.125%, 4/01/2027 BBB Baa BBB 2,112,800 3,110,000 Jean Coutu Group, Inc., Senior Subordinated Note 8.500%, 8/01/2014 B CCC Caa NR 521,600 10,139,350 Telephone Systems 11.2% 320,000 American Cellular Corp., Series B, Senior Note 10,000%, 8/01/2011 CCC B B B B 335,200 451,427 Calpoint Receivables Structured Trust 2001, Note, 144A 7,440%, 12/10/2006 NR B CCC 452,556 Centennial Cellular Operating Co./Centennial Communications Corp., Guaranteed Senior Note 10,125%, 6/15/2013 CCC B B B 2,799,688 35,000 Dobson Cellular Systems, Senior Note 8,375%, 11/01/2011 B B Ba BB BB 36,356 1,370,000 Dobson Communications Corp., Senior Note 8,875%, 10/01/2013 CCC Caa CCC 1,358,013 5,250,000 Nextel Communications Corp., Senior Note 6,875%, 10/01/2013 BBB Ba BB BB 5,344,201 Nordic Telephone Co. Holdings, Senior Note, 144A 8,875%, 5/01/2016 BB B B B BB BB BB 3,579,300 Rogers Wireless Communications, Inc., Senior Secured Note 8,875%, 5/01/2016 BB BB BB BB BB S,79,300 Rogers Wireless Communications, Inc., Senior Secured Note			BB	Ba	BB	638,400
GSC Holdings Corp., Guaranteed Senior Note 8.000%, 10/01/2012 B B B NR 679,800	1,130,000	•				
S.000%, 10/01/2012			В	В	NR	1,152,600
2,045,000 JC Penney Corp., Note 8,125%, 4/01/2027 BBB Baa BBB 2,112,800 3,110,000 Jean Coutu Group, Inc., Senior Subordinated Note 8,500%, 8/01/2014 B Caa CCC 2,993,375 815,000 Movie Gallery, Inc., Senior Note 11,000%, 5/01/2012 CCC Caa NR 521,600 10,139,350 Telephone Systems 11.2% 320,000 American Cellular Corp., Series B, Senior Note 10,000%, 8/01/2011 CCC B B B 335,200 451,427 Calpoint Receivables Structured Trust 2001, Note, 1444 7,440%, 12/10/2006 NR B CCC 452,556 Centennial Cellular Operating Co./Centennial Communications Corp., Guaranteed Senior Note 10,125%, 6/15/2013 CCC B B B 2,799,688 35,000 Dobson Cellular Systems, Senior Note 8,375%, 11/01/2011 B B BB BB 36,356 1,370,000 Dobson Communications Corp., Senior Note 8,875%, 10/01/2013 CCC Caa CCC 1,358,013 5,250,000 Nextel Communications, Inc., Series E, Senior Note 6,875%, 10/31/2013 BBB Baa BB 5,344,201 Nordic Telephone Co. Holdings, Senior Note, 144A 8,875%, 5/01/2016 B B B B B 2,670,175 3,280,000 Qwest Corp., Note 8,875%, 5/01/2016 BB B B B B 3,579,300 Rogers Wireless Communications, Inc., Senior Secured Note	660,000	GSC Holdings Corp., Guaranteed Senior Note				
8.125%, 4/01/2027 Jean Coutu Group, Inc., Senior Subordinated Note 8.500%, 8/01/2014 BBB Caa CCC 2,993,375 815,000 Movie Gallery, Inc., Senior Note 11.000%, 5/01/2012 CCC Caa NR 521,600 10,139,350 Telephone Systems 11.2% 320,000 American Cellular Corp., Series B, Senior Note 10,000%, 8/01/2011 CCC B B B 335,200 451,427 Calpoint Receivables Structured Trust 2001, Note, 144A 7.440%, 12/10/2006 Centennial Cellular Operating Co./Centennial Communications Corp., Guaranteed Senior Note 10.125%, 6/15/2013 CCC B B B 2,799,688 35,000 Dobson Cellular Systems, Senior Note 8.375%, 11/01/2011 B B B B B B B 36,356 1,370,000 Dobson Communications Corp., Senior Note 8.875%, 10/01/2013 CCC Caa CCC 1,358,013 S,250,000 Nextel Communications, Inc., Series E, Senior Note 6.875%, 10/31/2013 BBB Ba BB B B B B B B B B B S,344,201 Nordic Telephone Co. Holdings, Senior Note, 144A 8.875%, 5/01/2016 B B B B B B B B B B B B B B S,579,300 Rogers Wireless Communications, Inc., Senior Secured Note Rogers Wireless Communications, Inc., Senior Secured Note			В	В	NR	679,800
3,110,000	2,045,000	JC Penney Corp., Note				
8.500%, 8/01/2014 B Caa CCC 2,993,375 Movie Gallery, Inc., Senior Note 11.000%, 5/01/2012 CCC Caa NR 521,600 Telephone Systems 11.2% 320,000 American Cellular Corp., Series B, Senior Note 10.000%, 8/01/2011 CCC B B B 335,200 451,427 Calpoint Receivables Structured Trust 2001, Note, 1444A 7,440%, 12/10/2006 NR B CCC 452,556 2,635,000 Centennial Cellular Operating Co./Centennial Communications Corp., Guaranteed Senior Note 10.125%, 6/15/2013 CCC B B B 2,799,688 35,000 Dobson Cellular Systems, Senior Note 8,375%, 11/01/2011 B B Ba BB 36,356 1,370,000 Dobson Communications Corp., Senior Note 8,875%, 10/01/2013 CCC Caa CCC 1,358,013 5,250,000 Nextel Communications, Inc., Series E, Senior Note 6,875%, 10/31/2013 BBB Baa BBB 5,344,201 2,540,000 Nordic Telephone Co. Holdings, Senior Note, 144A 8,875%, 5/01/2016 B B B B B C,670,175 3,280,000 Qwest Corp., Note 8,875%, 3/15/2012 BB B B BB BB 3,579,300 665,000 Rogers Wireless Communications, Inc., Senior Secured Note		8.125%, 4/01/2027	BBB	Baa	BBB	2,112,800
Movie Gallery, Inc., Senior Note 11.000%, 5/01/2012 CCC Caa NR 521,600 10,139,350	3,110,000	Jean Coutu Group, Inc., Senior Subordinated Note				
11.000%, 5/01/2012 CCC		8.500%, 8/01/2014	В	Caa	CCC	2,993,375
10,139,350 Telephone Systems 11.2%	815,000	Movie Gallery, Inc., Senior Note				
Telephone Systems 11.2%		11.000%, 5/01/2012	CCC	Caa	NR	521,600
320,000 American Cellular Corp., Series B, Senior Note 10.000%, 8/01/2011 CCC B B B 335,200 451,427 Calpoint Receivables Structured Trust 2001, Note, 144A 7.440%, 12/10/2006 NR B CCC 452,556 2,635,000 Centennial Cellular Operating Co./Centennial Communications Corp., Guaranteed Senior Note 10.125%, 6/15/2013 CCC B B B 2,799,688 35,000 Dobson Cellular Systems, Senior Note 8.375%, 11/01/2011 B B Ba BB 36,356 1,370,000 Dobson Communications Corp., Senior Note 8.875%, 10/01/2013 CCC Caa CCC 1,358,013 5,250,000 Nextel Communications, Inc., Series E, Senior Note 6.875%, 10/31/2013 BBB Baa BBB 5,344,201 2,540,000 Nordic Telephone Co. Holdings, Senior Note, 144A 8.875%, 5/01/2016 BBB B B B 2,670,175 3,280,000 Qwest Corp., Note 8.875%, 3/15/2012 BB B Ba BB 3,579,300 665,000 Rogers Wireless Communications, Inc., Senior Secured Note						10,139,350
10.000%, 8/01/2011		Telephone Systems 11.2%				
10.000%, 8/01/2011	320,000	American Cellular Corp., Series B, Senior Note				
451,427 Calpoint Receivables Structured Trust 2001, Note, 144A 7.440%, 12/10/2006 NR B CCC 452,556 2,635,000 Centennial Cellular Operating Co./Centennial Communications Corp., Guaranteed Senior Note 10.125%, 6/15/2013 CCC B B B 2,799,688 35,000 Dobson Cellular Systems, Senior Note 8.375%, 11/01/2011 B B Ba BB 36,356 1,370,000 Dobson Communications Corp., Senior Note 8.875%, 10/01/2013 CCC Caa CCC 1,358,013 5,250,000 Nextel Communications, Inc., Series E, Senior Note 6.875%, 10/31/2013 BBB Baa BBB 5,344,201 2,540,000 Nordic Telephone Co. Holdings, Senior Note, 144A 8.875%, 5/01/2016 B B B B B 2,670,175 3,280,000 Qwest Corp., Note 8.875%, 3/15/2012 BB BB Ba BB 3,579,300 665,000 Rogers Wireless Communications, Inc., Senior Secured Note			CCC	В	В	335,200
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7.440%, 12/10/2006 NR B CCC 452,556 2,635,000 Centennial Cellular Operating Co./Centennial Communications Corp., Guaranteed Senior Note 10.125%, 6/15/2013 CCC B B B C,799,688 35,000 Dobson Cellular Systems, Senior Note 8.375%, 11/01/2011 B B Ba BB 36,356 1,370,000 Dobson Communications Corp., Senior Note 8.875%, 10/01/2013 CCC Caa CCC 1,358,013 5,250,000 Nextel Communications, Inc., Series E, Senior Note 6.875%, 10/31/2013 BBB Baa BBB 5,344,201 2,540,000 Nordic Telephone Co. Holdings, Senior Note, 144A 8.875%, 5/01/2016 B B B B B 2,670,175 3,280,000 Qwest Corp., Note 8.875%, 3/15/2012 BB BB Ba BB 3,579,300 665,000 Rogers Wireless Communications, Inc., Senior Secured Note		-				
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Communications Corp., Guaranteed Senior Note 10.125%, 6/15/2013	2,635,000					
10.125%, 6/15/2013 CCC B B CCC B B 2,799,688 2,799,688 35,000 Dobson Cellular Systems, Senior Note 8.375%, 11/01/2011 B B B B B 36,356 1,370,000 Dobson Communications Corp., Senior Note 8.875%, 10/01/2013 CCC Caa CCC 1,358,013 5,250,000 Nextel Communications, Inc., Series E, Senior Note 6.875%, 10/31/2013 BBB BBB BBB 5,344,201 2,540,000 Nordic Telephone Co. Holdings, Senior Note, 144A 8.875%, 5/01/2016 B B B B B B CCC Caa CCC 1,358,013 BBB BBB 5,344,201 2,540,000 Nordic Telephone Co. Holdings, Senior Note, 144A 8.875%, 5/01/2016 B B B B B B 3,579,300 665,000 Rogers Wireless Communications, Inc., Senior Secured Note	,,					
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5,250,000 Nextel Communications, Inc., Series E, Senior Note BBB Baa BBB 5,344,201 2,540,000 Nordic Telephone Co. Holdings, Senior Note, 144A 8.875%, 5/01/2016 B B B B 2,670,175 3,280,000 Qwest Corp., Note 8.875%, 3/15/2012 BB Ba BB 3,579,300 665,000 Rogers Wireless Communications, Inc., Senior Secured Note Secured Note BB BB <t< td=""><td>1,570,000</td><td></td><td>CCC</td><td>Caa</td><td>CCC</td><td>1 358 013</td></t<>	1,570,000		CCC	Caa	CCC	1 358 013
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3,280,000 Qwest Corp., Note 8.875%, 3/15/2012 BB Ba BB 3,579,300 665,000 Rogers Wireless Communications, Inc., Senior Secured Note	2,370,000	*	D	D	D	2 670 175
8.875%, 3/15/2012 BB Ba BB 3,579,300 Rogers Wireless Communications, Inc., Senior Secured Note	2 200 000		D	D	D	4,070,173
665,000 Rogers Wireless Communications, Inc., Senior Secured Note	5,280,000		DD	Do	DD	2 570 200
Secured Note	665,000		ВВ	Ба	ชช	5,579,300
	000,000					
1.500%, 3/15/2015 BB Ba BB 7/09,888			DD	D	DD	700.000
		1.500%, 5/15/2015	DD	ъа	DD	/09,888

625,000	Windstream Corp., Senior Note, 144A				
	8.125%, 8/01/2013	BB	Ba	BB	663,281
1,910,000	Windstream Corp., Senior Note, 144A				
	8.625%, 8/01/2016	BB	Ba	BB	2,043,700
					19,992,358

	Textiles, Clothing & Fabrics 0.8%					
1,400,000	Levi Strauss & Co., Senior Note					
	9.750%, 1/15/2015	В	В	В	1,452,500	
	Transportation 3.7%					
2,640,000	Grupo Transportacion Ferroviaria Mexicana SA					
	de CV, Senior Note					
	9.375%, 5/01/2012	В	В	В	2,798,400	
175,000	Stena AB, Note					
	9.625%, 12/01/2012	BB	Ba	NR	188,125	
2,055,000	Stena AB, Senior Note					
	7.000%, 12/01/2016	BB	Ba	NR	1,936,838	
1,675,000	Stena AB, Senior Note					
	7.500%, 11/01/2013	BB	Ba	NR	1,645,688	
					6,569,051	
	Total Corporate Debt (Identified Cost					
	\$254,619,694)				258,271,335	
	Total Investments 145.3%					
	(Identified Cost \$255,924,643) (a)				259,678,091	
	Other Assets, Less Liabilities 5.1%	9,179,403				
	Money Market Cumulative Preferred Shares plus					
	cumulative unpaid dividends (50.4%)				(90,130,250)	
	Total Net Assets Applicable to Common					
	Shareholders 100%				\$ 178,727,244	

See Notes to Schedule of Investments

Notes to Schedule of Investments

(a) Federal Tax Information:

At September 30, 2006, the net unrealized appreciation on investments based on cost of \$256,240,178 for federal income tax purposes was as follows:

Aggregate gross unrealized appreciation for all investments in which there is an			
excess of value over tax cost	\$	6,240,182	
Aggregate gross unrealized depreciation for all investments in which there is an excess of tax cost over			
value	(2,80	(2,802,269	
Net unrealized appreciation	\$	3,437,913	

- (b) Denotes a step-up bond: a zero coupon bond that converts to a fixed rate of interest at a designated future
- FRN Floating rate securities are securities whose yields vary with a designated market index or market rate. These securities are shown at their current rates as of September 30, 2006.
- Restricted security subject to restrictions on resale under federal securities law. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers under Rule 144A, and have been deemed by the adviser to be liquid. At the period end, the value of 144A securities amounted to \$54,474,272 or 30.5% of net assets applicable to common shareholders.

For more information on the Fund s significant accounting policies, please refer to the Fund s most recent semi-annual financial statements.

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Valuation: Debt securities 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 the adviser to be reflective of a security s market value, are valued at fair value as determined in good faith under consistently applied procedures 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 and 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 or premium.

Reverse Repurchase Agreements: The fund is permitted to enter into reverse repurchase agreements with banks or securities firms deemed creditworthy by the adviser. A reverse repurchase agreement involves the sale of a security by the fund, with an agreement to repurchase the same or substantially similar security at an agreed upon price and date. Securities purchased subject to repurchase agreements must have an aggregate market value greater than or equal to the repurchase price plus accrued interest at all times. Reverse repurchase agreements involve the risk that the market value of the securities purchased with the proceeds from the sale of securities received by the fund may decline below the price of the securities that the fund is obligated to repurchase. There were no reverse repurchase agreements outstanding at September 30, 2006.

Interest Rate Swap Contracts: The fund may enter into interest rate swap transactions. A swap is an agreement to exchange the return generated by one instrument for the return generated by another instrument. The fund may enter into interest rate swap agreements to manage its exposure to interest rate risk. Interest rate swap contracts involve the exchange by the fund with another party of their respective commitments to pay or receive interest. At September 30, 2006, the fund had the following open swap agreements:

For more information on the Fund s significant accounting policies, please refer to the Fund s most recent semi-annual financial statements.

Notional Amount		Expiration Date	Description		Net Unrealized Appreciation		
\$	22,500,000	3/15/07	Agreement with Citibank N.A. dated 3/11/04 to pay the notional amount multiplied by 2.27% and to receive the notional amount multiplied by the 1 month U.S. Dollars London Interbank Offered Rate British Bankers Association (USD LIBOR BBA).	\$	342,000		
\$	22,500,000	9/28/07	Agreement with Citibank N.A. dated 9/24/04 to pay the notional amount multiplied by 3.22% and to receive the notional amount multiplied by the 1 month U.S. Dollars London Interbank Offered Rate British Bankers Association (USD LIBOR BBA).	\$	437,000		

Periodically, the fund receives from or deposits, with the counter party, a specific amount of cash equal to the market value of the interest rate swap contracts. At September 30, 2006, the fund had \$811,000 payable for collateral on interest rate swap contracts under this arrangement.

For more information on the Fund s significant accounting policies, please refer to the Fund s most recent semi-annual financial statements.

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 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 control 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.

(a) Certifications of Principal Executive Officer and Principal Financial Officer of the Registrant as required by Rule 30a-2(a) under the Investment Company Act of 1940 are filed herewith as Exhibit 99.CERT.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caus	sed
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 Peter E. Sundman, Chief Executive Officer Date 11/21/06 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. /s/ Peter E. Sundman By: Peter E. Sundman, Chief Executive Officer Date 11/21/06 /s/ John M. McGovern By: John M. McGovern, Treasurer/Principal Financial and Accounting Officer Date 11/21/06

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