

LEHMAN BROTHERS FIRST TRUST INCOME OPPORTUNITY FUND  
Form N-Q  
November 29, 2007

As filed with the Securities and Exchange Commission on November 29, 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)  
605 Third Avenue, 2nd Floor  
New York, New York 10158-0180  
(Address of Principal Executive Offices - Zip Code)

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

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 Preston Gates Ellis LLP  
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: September 30, 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.

Edgar Filing: LEHMAN BROTHERS FIRST TRUST INCOME OPPORTUNITY FUND - Form N-Q

SCHEDULE OF INVESTMENTS Lehman Brothers First Trust Income Opportunity Fund

(UNAUDITED)

PRINCIPAL AMOUNT(\$)

CORPORATE DEBT SECURITIES (145.4%)

AEROSPACE/DEFENSE (2.4%)

3,705,000	L-3 Communications Corp., Guaranteed Senior Unsecured Subordinated Notes, 7.63%, due 6/15/12	Ba3
165,000	L-3 Communications Corp., Guaranteed Senior Unsecured Subordinated Notes, 6.13%, due 7/15/13	Ba3
340,000	L-3 Communications Corp., Guaranteed Notes, Ser. B, 6.38%, due 10/15/15	Ba3

AIRLINES (1.7%)

2,830,820	Continental Airlines, Inc., Pass-Through Certificates, 9.80%, due 4/1/21	Ba1
-----------	--	-----

APPAREL/TEXTILES (0.9%)

1,570,000	Levi Strauss & Co., Senior Unsubordinated Notes, 9.75%, due 1/15/15	B2
-----------	---	----

AUTO LOANS (17.4%)

1,610,000	Ford Motor Credit Co., Unsecured Notes, 7.38%, due 10/28/09	B1
6,870,000	Ford Motor Credit Co., Senior Unsecured Notes, 9.75%, due 9/15/10	B1
2,735,000	Ford Motor Credit Co., Bonds, 7.38%, due 2/1/11	B1
3,875,000	Ford Motor Credit Co., Notes, 7.80%, due 6/1/12	B1
14,995,000	General Motors Acceptance Corp., Notes, 6.88%, due 9/15/11	Ba1
1,715,000	General Motors Acceptance Corp., Unsecured Notes, 7.00%, due 2/1/12	Ba1

AUTO PARTS & EQUIPMENT (1.5%)

1,002,000	Goodyear Tire & Rubber Co., Senior Notes, 8.63%, due 12/1/11	Ba3
1,500,000	Goodyear Tire & Rubber Co., Senior Notes, 9.00%, due 7/1/15	Ba3

AUTOMOTIVE (0.8%)

1,550,000	General Motors Corp., Senior Unsubordinated Notes, 8.38%, due 7/15/33	Caa1
-----------	---	------

BEVERAGE (0.4%)

720,000	Constellation Brands, Inc., Guaranteed Notes, 7.25%, due 9/1/16	Ba3
---------	---	-----

BUILDING & CONSTRUCTION (0.2%)

410,000	K. Hovnanian Enterprises, Senior Notes, 8.63%, due 1/15/17	Ba3
---------	--	-----

CHEMICALS (2.3%)

780,000	Chemtura Corp., Guaranteed Notes, 6.88%, due 6/1/16	Ba2
1,290,000	Hexion US Finance Corp., Guaranteed Notes, 9.75%, due 11/15/14	B3
1,970,000	MacDermid, Inc., Senior Subordinated Notes, 9.50%, due 4/15/17	Caa1

Edgar Filing: LEHMAN BROTHERS FIRST TRUST INCOME OPPORTUNITY FUND - Form N-Q

CONSUMER - PRODUCTS (0.2%)

415,000 Amscan Holdings, Inc., Senior Subordinated Notes,  
8.75%, due 5/1/14

Caa1

See Notes to Schedule of Investments

SCHEDULE OF INVESTMENTS Lehman Brothers First Trust Income Opportunity Fund

-----  
cont'd

-----  
(UNAUDITED)

PRINCIPAL AMOUNT(\$)

Moody'

CONSUMER/COMMERCIAL/LEASE FINANCING (1.0%)

2,060,000 Residential Capital LLC, Guaranteed Notes, 6.00%,  
due 2/22/11

Ba1

ELECTRIC - GENERATION (10.1%)

4,135,000 AES Corp., Senior Secured Notes, 9.00%, due  
5/15/15

Ba3

2,505,000 Dynegy-Roseton Danskamme, Pass-Through  
Certificates, Ser. B, 7.67%, due 11/8/16

Ba3

510,000 Edison Mission Energy, Senior Unsecured Notes,  
7.50%, due 6/15/13

B1

5,475,000 Edison Mission Energy, Senior Notes, 7.63%, due  
5/15/27

B1

2,635,000 Mirant Americas Generation, Inc., Senior Unsecured  
Notes, 8.30%, due 5/1/11

Caa1

1,590,000 NRG Energy, Inc., Guaranteed Notes, 7.25%, due  
2/1/14

B1

715,000 NRG Energy, Inc., Guaranteed Notes, 7.38%, due  
2/1/16

B1

300,000 NRG Energy, Inc., Guaranteed Notes, 7.38%, due  
1/15/17

B1

ELECTRONICS (6.2%)

350,000 Flextronics Int'l, Ltd., Senior Subordinated Notes,  
6.50%, due 5/15/13

Ba2

3,995,000 Freescale Semiconductor, Inc., Senior Unsecured  
Notes, 9.13%, due 12/15/14

B1

1,410,000 NXP BV Funding LLC, Secured Floating Rate Notes,  
8.11%, due 10/15/07

Ba3

2,705,000 NXP BV Funding LLC, Secured Notes, 7.88%, due  
10/15/14

Ba3

3,235,000 NXP BV Funding LLC, Guaranteed Notes, 9.50%,  
due 10/15/15

B3

ENERGY-EXPLORATION & PRODUCTION (3.0%)

3,060,000 Chesapeake Energy Corp., Guaranteed Notes,  
7.50%, due 9/15/13

Ba2

570,000 Chesapeake Energy Corp., Guaranteed Notes,  
6.38%, due 6/15/15

Ba2

Edgar Filing: LEHMAN BROTHERS FIRST TRUST INCOME OPPORTUNITY FUND - Form N-Q

	475,000	Forest Oil Corp., Guaranteed Unsecured Notes, 8.00%, due 12/15/11	B1
	840,000	Forest Oil Corp., Guaranteed Senior Unsecured Notes, 7.75%, due 5/1/14	B1
	185,000	Newfield Exploration Co., Senior Subordinated Notes, 6.63%, due 9/1/14	Ba3
ENVIRONMENTAL (0.8%)			
	1,375,000	Allied Waste North America, Inc., Guaranteed Notes, Ser. B, 7.25%, due 3/15/15	B1
FOOD & DRUG RETAILERS (0.5%)			
	1,015,000	Rite Aid Corp., Guaranteed Notes, 9.50%, due 6/15/17	Caa1
FORESTRY/PAPER (1.2%)			
	995,000	Bowater, Inc., Debentures, 9.00%, due 8/1/09	B3
	1,200,000	Graphic Packaging Int'l, Inc., Guaranteed Notes, 8.50%, due 8/15/11	B2

See Notes to Schedule of Investments

SCHEDULE OF INVESTMENTS Lehman Brothers First Trust Income Opportunity Fund

-----  
cont'd  
-----

(UNAUDITED)

PRINCIPAL AMOUNT(\$)

GAMING (6.9%)

	1,745,000	Chukchansi Economic Development Authority, Senior Notes, 8.00%, due 11/15/13	B2
	1,145,000	Fontainebleau Las Vegas Holdings LLC, Second Mortgage, 10.25%, due 6/15/15	Caa1
	1,180,000	Majestic Star LLC, Senior Unsecured Notes, 9.75%, due 1/15/11	Caa1
	700,000	MGM Grand, Inc., Guaranteed Senior Notes, 6.00%, due 10/1/09	Ba2
	1,910,000	Pokagon Gaming Authority, Senior Notes, 10.38%, due 6/15/14	B3
	2,105,000	San Pasqual Casino, Notes, 8.00%, due 9/15/13	B2
	1,745,000	Shingle Springs Tribal Gaming Authority, Senior Notes, 9.38%, due 6/15/15	B3
	730,000	Station Casinos, Inc., Senior Unsecured Subordinated Notes, 6.88%, due 3/1/16	Ba3
	1,065,000	Station Casinos, Inc., Senior Unsecured Notes, 7.75%, due 8/15/16	Ba2

GAS DISTRIBUTION (9.7%)

	905,000	AmeriGas Partners, L.P., Senior Unsecured Notes, 7.25%, due 5/20/15	B1
	475,000	AmeriGas Partners, L.P., Senior Notes, 7.13%, due 5/20/16	B1
	1,635,000	Ferrellgas Partners L.P., Senior Unsecured Notes,	

Moody's

Edgar Filing: LEHMAN BROTHERS FIRST TRUST INCOME OPPORTUNITY FUND - Form N-Q

	8.75%, due 6/15/12	B2
3,745,000	Kinder Morgan, Inc., Senior Unsecured Notes, 6.50%, due 9/1/12	Ba2
1,360,000	Kinder Morgan, Inc., Senior Debentures, 7.25%, due 3/1/28	Ba2
2,275,000	Regency Energy Partners, Senior Unsecured Notes, 8.38%, due 12/15/13	B1
810,000	Sabine Pass L.P., Secured Notes, 7.25%, due 11/30/13	Ba3
3,855,000	Sabine Pass L.P., Secured Notes, 7.50%, due 11/30/16	Ba3
2,025,000	Transcontinental Gas Pipe Line, Unsecured Debentures, 7.25%, due 12/1/26	Ba1
HEALTH SERVICES (13.6%)		
1,235,000	Community Health Systems, Inc., Senior Notes, 8.88%, due 7/15/15	B3
3,230,000	HCA, Inc., Secured Notes, 9.25%, due 11/15/16	B2
5,095,000	HCA, Inc., Secured Notes, 9.63%, due 11/15/16	B2
345,000	LVB Acquisition Merger, Inc., Senior Subordinated Notes, 11.63%, due 10/15/17	Caa1
2,085,000	NMH Holdings, Inc., Senior Unsecured Notes, Zero Coupon Bond, due 12/15/07	Caa2
1,200,000	Service Corp. Int'l, Senior Unsecured Notes, 7.38%, due 10/1/14	B1
3,265,000	Service Corp. Int'l, Senior Unsecured Notes, 7.50%, due 4/1/27	B1
2,320,000	Tenet Healthcare Corp., Senior Notes, 9.88%, due 7/1/14	Caa1
1,985,000	US Oncology, Inc., Guaranteed Notes, 9.00%, due 8/15/12	B2

See Notes to Schedule of Investments

SCHEDULE OF INVESTMENTS Lehman Brothers First Trust Income Opportunity Fund

-----  
cont'd

-----  
(UNAUDITED)

PRINCIPAL AMOUNT(\$)

		Moody's
320,000	Ventas Realty L.P., Senior Notes, 6.63%, due 10/15/14	Ba1
140,000	Ventas Realty L.P., Guaranteed Notes, 7.13%, due 6/1/15	Ba1
2,015,000	Ventas Realty L.P., Guaranteed Notes, 6.50%, due 6/1/16	Ba1
695,000	Ventas Realty L.P., Guaranteed Notes, 6.75%, due 4/1/17	Ba1

INVESTMENTS & MISC. FINANCIAL SERVICES (2.0%)

Edgar Filing: LEHMAN BROTHERS FIRST TRUST INCOME OPPORTUNITY FUND - Form N-Q

	1,095,000	Cardtronics, Inc., Senior Subordinated Notes, Ser. B, 9.25%, due 8/15/13	Caa1
	2,675,000	Cardtronics, Inc., Guaranteed Notes, 9.25%, due 8/15/13	Caa1
LEISURE (1.1%)			
	1,980,000	Royal Caribbean Cruises, Senior Unsubordinated Notes, 7.50%, due 10/15/27	Ba1
MEDIA - BROADCAST (6.1%)			
	4,270,000	CMP Susquehanna Corp., Guaranteed Notes, 9.88%, due 5/15/14	Caa1
	1,135,000	Entercom Radio/Capital, Guaranteed Senior Unsecured Notes, 7.63%, due 3/1/14	B1
	1,270,000	LIN Television Corp., Guaranteed Notes, 6.50%, due 5/15/13	B1
	675,000	LIN Television Corp., Guaranteed Notes, Ser. B, 6.50%, due 5/15/13	B1
	2,845,000	Univision Communications, Inc., Senior Notes, 9.75%, due 3/15/15	B3
	950,000	Young Broadcasting, Inc., Guaranteed Senior Subordinated Notes, 10.00%, due 3/1/11	Caa1
	280,000	Young Broadcasting, Inc., Senior Subordinated Notes, 8.75%, due 1/15/14	Caa1
MEDIA - CABLE (9.4%)			
	2,568,000	CCH I Holdings LLC, Secured Notes, 11.00%, due 10/1/15	Caa2
	1,200,000	CCH II Holdings LLC, Senior Unsecured Notes, 10.25%, due 9/15/10	Caa2
	4,885,000	Charter Communications Operating LLC, Senior Notes, 8.38%, due 4/30/14	B3
	3,615,000	DirectTV Holdings LLC, Senior Notes, 8.38%, due 3/15/13	Ba3
	175,000	DirectTV Holdings LLC, Guaranteed Notes, 6.38%, due 6/15/15	Ba3
	1,880,000	EchoStar DBS Corp., Guaranteed Notes, 6.38%, due 10/1/11	Ba3
	1,415,000	EchoStar DBS Corp., Guaranteed Notes, 7.00%, due 10/1/13	Ba3
	645,000	EchoStar DBS Corp., Guaranteed Notes, 7.13%, due 2/1/16	Ba3
MEDIA - DIVERSIFIED (0.8%)			
	1,460,000	Quebecor Media, Inc., Notes, 7.75%, due 3/15/16	B2
MEDIA - SERVICES (2.9%)			
	1,325,000	Lamar Media Corp., Guaranteed Notes, 7.25%, due 1/1/13	Ba3

See Notes to Schedule of Investments

SCHEDULE OF INVESTMENTS Lehman Brothers First Trust Income Opportunity Fund

-----  
cont'd  
-----

Edgar Filing: LEHMAN BROTHERS FIRST TRUST INCOME OPPORTUNITY FUND - Form N-Q

(UNAUDITED)

PRINCIPAL AMOUNT (\$)

				R Moody'
	1,540,000	WMG Acquisition Corp., Senior Subordinated Notes, 7.38%, due 4/15/14		B2
	3,465,000	WMG Holdings Corp., Guaranteed Notes, Step-Up, 0.00%/9.50%, due 12/15/14		B2
METALS/MINING EXCLUDING STEEL (7.0%)				
	1,670,000	Aleris Int'l, Inc., Guaranteed Notes, 9.00%, due 12/15/14		B3
	2,025,000	Aleris Int'l, Inc., Guaranteed Notes, 10.00%, due 12/15/16		Caa1
	2,065,000	Arch Western Finance Corp., Guaranteed Notes, 6.75%, due 7/1/13		B1
	425,000	Freeport-McMoRan Copper & Gold, Senior Unsecured Notes, 8.25%, due 4/1/15		Ba3
	1,500,000	Freeport-McMoRan Copper & Gold, Senior Unsecured Notes, 8.38%, due 4/1/17		Ba3
	4,410,000	Massey Energy Co., Guaranteed Notes, 6.88%, due 12/15/13		B2
	775,000	Peabody Energy Corp., Guaranteed Senior Notes, Ser. B, 6.88%, due 3/15/13		Ba1
NON-FOOD & DRUG RETAILERS (2.3%)				
	730,000	Blockbuster, Inc., Senior Subordinated Notes, 9.00%, due 9/1/12		Caa2
	1,085,000	Claire's Stores, Inc., Guaranteed Notes, 9.63%, due 6/1/15		Caa1
	660,000	GSC Holdings Corp., Guaranteed Notes, 8.00%, due 10/1/12		Ba3
	1,500,000	Michaels Stores, Inc., Senior Discount Notes, Step-Up, 0.00%/13.00%, due 11/1/16		Caa1
	975,000	Michaels Stores, Inc., Guaranteed Notes, 11.38%, due 11/1/16		Caa1
PACKAGING (8.2%)				
	6,775,000	Ball Corp., Guaranteed Unsecured Notes, 6.88%, due 12/15/12		Ba1
	1,260,000	Crown Americas LLC, Guaranteed Notes, 7.75%, due 11/15/15		B1
	2,340,000	Graham Packaging Co., Inc., Guaranteed Notes, 9.88%, due 10/15/14		Caa1
	2,235,000	Owens-Brockway Glass Container, Inc., Guaranteed Notes, 8.88%, due 2/15/09		Ba2
	1,730,000	Owens-Brockway Glass Container, Inc., Guaranteed Notes, 8.75%, due 11/15/12		Ba2
PRINTING & PUBLISHING (6.4%)				
	3,220,000	Dex Media West LLC, Senior Unsecured Notes, Ser. B, 8.50%, due 8/15/10		Ba3
	580,000	Dex Media West LLC, Guaranteed Notes, Ser. B, 9.88%, due 8/15/13		B1
	3,910,000	Idearc, Inc., Guaranteed Notes, 8.00%, due 11/15/16		B2
	1,455,000	R.H. Donnelley Corp., Senior Unsecured Notes, 6.88%, due 1/15/13		B3
	2,335,000	Reader's Digest Association, Inc., Senior Subordinated Notes, 9.00%, due 2/15/17		Caa1

Edgar Filing: LEHMAN BROTHERS FIRST TRUST INCOME OPPORTUNITY FUND - Form N-Q

See Notes to Schedule of Investments

SCHEDULE OF INVESTMENTS Lehman Brothers First Trust Income Opportunity Fund

-----  
cont'd  
-----

(UNAUDITED)

PRINCIPAL AMOUNT(\$)

Moody's

RAILROADS (1.9%)

660,000	Kansas City Southern Mexico, Senior Notes, 7.38%, due 6/1/14	B2
2,640,000	TFM SA de C.V., Senior Notes, 9.38%, due 5/1/12	B2

REAL ESTATE DEV. & MGT. (2.6%)

1,470,000	American Real Estate Partners L.P., Guaranteed Notes, 7.13%, due 2/15/13	Ba3
2,150,000	American Real Estate Partners, L.P., Senior Notes, 8.13%, due 6/1/12	Ba3
1,335,000	Realogy Corp., Senior Notes, 11.00%, due 4/15/14	Caa1

RESTAURANTS (0.7%)

1,435,000	NPC Int'l, Inc., Guaranteed Notes, 9.50%, due 5/1/14	Caa1
-----------	--	------

STEEL PRODUCERS/PRODUCTS (2.0%)

1,720,000	Metals U.S.A. Holdings Corp., Senior Floating Rate Notes, 11.36%, due 10/1/07	Caa1
2,005,000	Tube City IMS Corp., Guaranteed Notes, 9.75%, due 2/1/15	B3

SUPPORT - SERVICES (2.3%)

565,000	Aramark Corp., Guaranteed Notes, 8.50%, due 2/1/15	B3
3,645,000	Knowledge Learning Corp., Inc., Guaranteed Notes, 7.75%, due 2/1/15	B2

TELECOM - INTEGRATED/SERVICES (8.2%)

1,350,000	Citizens Utilities Co., Senior Unsecured Notes, 7.13%, due 3/15/19	Ba2
1,335,000	Dycom Industries, Inc., Guaranteed Notes, 8.13%, due 10/15/15	Ba3
2,200,000	Intelsat Bermuda Ltd., Guaranteed Notes, 9.25%, due 6/15/16	B2
395,000	Intelsat Subsidiary Holdings Co. Ltd., Guaranteed Notes, 8.63%, due 1/15/15	B2
2,200,000	Nordic Telephone Co. Holdings, Secured Notes, 8.88%, due 5/1/16	B2
1,095,000	Qwest Corp., Senior Notes, 7.88%, due 9/1/11	Ba1
1,620,000	Qwest Corp., Notes, 8.88%, due 3/15/12	Ba1



Edgar Filing: LEHMAN BROTHERS FIRST TRUST INCOME OPPORTUNITY FUND - Form N-Q

	400,000 Qwest Corp., Senior Unsecured Notes, 7.50%, due 10/1/14	Ba1
	1,340,000 Windstream Corp., Guaranteed Notes, 8.13%, due 8/1/13	Ba3
	1,910,000 Windstream Corp., Guaranteed Notes, 8.63%, due 8/1/16	Ba3
THEATERS & ENTERTAINMENT (0.7%)		
	1,230,000 AMC Entertainment, Inc., Guaranteed Notes, Ser. B, 8.63%, due 8/15/12	Ba3
	TOTAL CORPORATE DEBT SECURITIES (COST \$258,338,334)	

See Notes to Schedule of Investments

SCHEDULE OF INVESTMENTS Lehman Brothers First Trust Income Opportunity Fund  
 -----  
 cont'd  
 -----  
 (UNAUDITED)

NUMBER OF SHARES

SHORT-TERM INVESTMENTS (2.7%)	
4,747,692	Neuberger Berman Prime Money Fund Trust Class (COST \$4,747,692)
	TOTAL INVESTMENTS (148.1%) (COST \$263,086,026)
	Cash, receivables and other assets, less liabilities (2.7%)
	Liquidation Value of Auction Preferred Shares [(50.8%)]
	TOTAL NET ASSETS (100.0%)

See Notes to Schedule of Investments

SEPTEMBER 30, 2007 (UNAUDITED)

NOTES TO SCHEDULE OF INVESTMENTS  
 -----

(+) Investments in debt securities by Lehman Brothers First Trust Income Opportunity Fund (the "Fund") are valued daily by obtaining bid price quotations from independent pricing services on all securities available in each service's database. For all other debt securities requiring daily quotations, bid price quotations are obtained from principal market makers in those securities. The Fund values all other securities, including securities for which the necessary last sale, asked and/or bid prices are not readily available, by methods the Board of Trustees has approved on the belief that they reflect fair value. Numerous factors may be considered when determining the fair value of a security, including available analyst, media or other reports, trading in futures or ADRs and whether the issuer of the security being fair valued has

## Edgar Filing: LEHMAN BROTHERS FIRST TRUST INCOME OPPORTUNITY FUND - Form N-Q

other securities outstanding. Fair value prices are necessarily estimates, and there is no assurance that such prices will be at or close to the price at which the security is next quoted. 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 September 30, 2007, the cost of investments for U.S. federal income tax purposes was \$263,878,231. Gross unrealized appreciation of investments was \$3,047,560 and gross unrealized depreciation of investments was \$4,685,800, resulting in net unrealized depreciation of \$1,638,240, 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 under the Securities Act of 1933, as amended, and have been deemed by the investment manager to be liquid. At September 30, 2007, these securities amounted to approximately \$60,464,295 or 34.2% 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.
- (O) All or a portion of this security was purchased on a when-issued basis. At September 30, 2007, these securities amounted to \$1,401,600, or 0.8% of net assets applicable to common shareholders.
- (OO) All or a portion of this security is segregated as collateral for when-issued securities and/or interest rate swap contracts.
- (u) 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, 2007.

For information on the Fund's significant accounting policies, please refer to the Fund's most recent 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 1940 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

Edgar Filing: LEHMAN BROTHERS FIRST TRUST INCOME OPPORTUNITY FUND - Form N-Q

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  
-----  
Peter E. Sundman  
Chief Executive Officer

Date: November 28, 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  
-----  
Peter E. Sundman  
Chief Executive Officer

Date: November 28, 2007

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

Date: November 28, 2007