

Invesco Municipal Opportunity Trust
Form N-Q
July 30, 2015

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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 811-06567

Invesco Municipal Opportunity Trust
(Exact name of registrant as specified in charter)

1555 Peachtree Street, N.E., Atlanta, Georgia 30309
(Address of principal executive offices) (Zip code)

Philip A. Taylor 1555 Peachtree Street, N.E., Atlanta, Georgia 30309
(Name and address of agent for service)

Registrant's telephone number, including area code: (713) 626-1919

Date of fiscal year end: 2/28

Date of reporting period: 5/31/15

Item 1. Schedule of Investments.

Invesco Municipal Opportunity Trust
Quarterly Schedule of Portfolio Holdings
May 31, 2015

invesco.com/us VK-CE-MOPP-QTR-1 05/15 Invesco Advisers, Inc.

Schedule of Investments

May 31, 2015

(Unaudited)

	Interest Rate	Maturity Date	Principal Amount (000)	Value
Municipal Obligations 167.12%				
Alabama 1.92%				
Alabaster (City of) Board of Education; Series 2014 A, Limited Special Tax GO Wts. (INS-AGM) (b)	5.00%	09/01/39	\$ 1,580	\$ 1,754,037
Series 2014 A, Limited Special Tax GO Wts. (INS-AGM) (b)	5.00%	09/01/44	1,580	1,750,103
Bessemer Governmental Utility Services Corp.; Series 2008 A, Ref. Water Supply RB (INS-AGC) (b)(c)	5.00%	06/01/39	3,250	3,462,583
Birmingham (City of) Airport Authority; Series 2010, RB (INS-AGM) (b)	5.25%	07/01/30	3,350	3,800,474
Birmingham (City of) Water Works Board; Series 2011, Water RB (INS-AGM) (b)(c)	5.00%	01/01/36	1,815	2,023,689
Huntsville (City of) Special Care Facilities Financing Authority (Redstone Village); Series 2007, Retirement Facility RB	5.50%	01/01/43	1,600	1,605,456
Mobile (City of) Industrial Development Board (Mobile Energy Services Co.); Series 1995, Ref. Solid Waste Disposal RB	6.95%	01/01/20	5	0
Selma (City of) Industrial Development Board; Series 2009 A, Gulf Opportunity Zone RB	6.25%	11/01/33	3,050	3,597,353
				17,993,695
Alaska 0.70%				
Alaska (State of) Industrial Development & Export Authority (Providence Health Services); Series 2011 A, RB (c)	5.50%	10/01/41	5,730	6,515,640
Arizona 4.37%				
Arizona (State of) Health Facilities Authority (Catholic Healthcare West); Series 2011 B-2, RB (INS-AGM) (b)	5.00%	03/01/41	435	473,933
Arizona (State of) Health Facilities Authority (Scottsdale Lincoln Hospital); Series 2014, Ref. RB	5.00%	12/01/39	2,015	2,183,817
Series 2014, Ref. RB	5.00%	12/01/42	2,735	2,968,650
Arizona (State of) Transportation Board; Series 2008 B, Highway RB (c)(d)(e)	5.00%	07/01/18	2,005	2,239,545

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Series 2008 B, Highway RB ^{(d)(e)}	5.00%	07/01/18	610	681,358
Series 2008 B, Highway RB ^{(c)(d)(e)}	5.00%	07/01/18	3,925	4,384,147
Series 2011 A, Ref. Sub. Highway RB ^(c)	5.00%	07/01/36	4,095	4,591,150
Glendale (City of) Industrial Development Authority (John C. Lincoln Health Network); Series 2005, Ref. Hospital RB ^{(d)(e)}	5.00%	12/01/15	1,155	1,182,374
Glendale (City of) Industrial Development Authority (Midwestern University); Series 2010, RB	5.00%	05/15/35	750	820,575
Series 2010, RB	5.13%	05/15/40	1,500	1,650,690
Goodyear (City of) McDowell Road Commercial Corridor Improvement District; Series 2007, Special Assessment Improvement RB (INS-AMBAC) ^(b)	5.25%	01/01/32	2,775	2,933,230
Navajo County Pollution Control Corp.; Series 2009 E, PCR ^(e)	5.75%	06/01/16	950	997,016
Phoenix (City of) Industrial Development Authority (Career Success Schools); Series 2009, Education RB	7.00%	01/01/29	735	691,459
Series 2009, Education RB	7.00%	01/01/39	835	760,034
Series 2009, Education RB	7.13%	01/01/45	790	721,080
Phoenix (City of) Industrial Development Authority (Legacy Traditional Schools); Series 2014 A, Education Facility RB ^(f)	6.50%	07/01/34	630	711,572
Phoenix (City of) Industrial Development Authority (Rowan University); Series 2012, Lease RB	5.00%	06/01/42	3,870	4,138,539
Pima (County of) Industrial Development Authority (Global Water Resources, LLC); Series 2007, Water & Wastewater RB ^(g)	6.55%	12/01/37	2,865	2,922,099
Pima (County of) Industrial Development Authority (Tucson Electric Power Co.); Series 2010 A, IDR	5.25%	10/01/40	550	607,750
Salt River Project Agricultural Improvement & Power District; Series 2009 A, Electric System RB ^(c)	5.00%	01/01/28	2,680	3,021,539
Yuma (City of) Industrial Development Authority (Regional Medical Center); Series 2014 A, Hospital RB	5.00%	08/01/29	2,015	2,264,598
				40,945,155
Arkansas 0.16%				
Pulaski (County of) Public Facilities Board; Series 2014, Healthcare RB	5.00%	12/01/42	1,420	1,530,788

See accompanying notes which are an integral part of this schedule.

Invesco Municipal Opportunity Trust

	Interest Rate	Maturity Date	Principal Amount (000)	Value
California 17.29%				
Anaheim (City of) Public Financing Authority (Anaheim Public Improvements); Series 1997 C, Sub. Lease CAB RB (INS-AGM) ^{(b)(h)}	0.00%	09/01/20	\$ 2,630	\$ 2,346,118
Bay Area Governments Association (California Redevelopment Agency Pool); Series 2004 A, Tax Allocation RB (INS-SGI) ^(b)	5.25%	09/01/29	160	160,205
Bay Area Toll Authority (San Francisco Bay Area); Series 2008 F-1, Toll Bridge RB ^{(c)(d)(e)}	5.00%	04/01/18	5,905	6,574,155
Beverly Hills Unified School District (Election of 2008); Series 2009, Unlimited Tax CAB GO Bonds ^(h)	0.00%	08/01/28	1,050	696,108
California (State of) Department of Water Resources (Central Valley); Series 2008 AE, Water System RB ^(c)	5.00%	12/01/24	1,200	1,341,960
Series 2008 AE, Water System RB ^(c)	5.00%	12/01/25	1,450	1,619,955
Series 2008 AE, Water System RB ^(c)	5.00%	12/01/26	1,450	1,618,795
Series 2008 AE, Water System RB ^(c)	5.00%	12/01/27	900	1,003,635
Series 2008 AE, Water System RB ^(c)	5.00%	12/01/28	1,450	1,622,666
California (State of) Health Facilities Financing Authority (Catholic Healthcare West); Series 2009 A, RB	6.00%	07/01/34	1,400	1,608,096
California (State of) Housing Finance Agency; Series 2008 K, Home Mortgage RB ^(g)	5.30%	08/01/23	2,405	2,470,849
Series 2008 K, Home Mortgage RB ^(g)	5.45%	08/01/28	5,700	5,800,776
California (State of) Pollution Control Finance Authority; Series 2012, Water Furnishing RB ^{(f)(g)}	5.00%	07/01/27	1,740	1,920,925
Series 2012, Water Furnishing RB ^{(f)(g)}	5.00%	07/01/30	2,025	2,182,525
Series 2012, Water Furnishing RB ^{(f)(g)}	5.00%	07/01/37	4,445	4,722,501
California (State of) Pollution Control Financing Authority (Waste Management Inc.); Series 2002 B, Solid Waste Disposal RB ^(g)	5.00%	07/01/27	2,500	2,535,275
California (State of) Statewide Communities Development Authority (Adventist Health System/West); Series 2005 A, Health Facility RB	5.00%	03/01/30	5,000	5,009,500
California (State of) Statewide Communities Development Authority (John Muir Health); Series 2006 A, RB	5.00%	08/15/28	1,260	1,319,724
California (State of) Statewide Communities Development Authority (Kaiser Permanente); Series 2009 A, RB	5.00%	04/01/19	1,750	1,992,392
California (State of) Statewide Communities Development Authority (Loma Linda University Medical Center); Series 2014, RB	5.25%	12/01/44	1,080	1,160,676
California (State of) Statewide Communities Development Authority (Pooled Financing Program); Series 2004 A, Water & Wastewater RB (INS-AGM) ^(b)	5.25%	10/01/19	105	105,429

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California (State of); Series 2009, Various Purpose Unlimited Tax GO Bonds	5.75%	04/01/31	1,575	1,815,487
Series 2009 A, Ref. Economic Recovery Unlimited Tax GO Bonds ^{(d)(e)}	5.25%	07/01/19	910	1,059,586
Series 2009 A, Ref. Economic Recovery Unlimited Tax GO Bonds ^{(d)(e)}	5.25%	07/01/19	1,590	1,851,364
Series 2010, Various Purpose Unlimited Tax GO Bonds	5.50%	03/01/40	5,090	5,934,380
Series 2012, Ref. Unlimited Tax GO Bonds	5.00%	02/01/32	2,300	2,596,953
Series 2012, Ref. Unlimited Tax GO Bonds	5.25%	02/01/30	730	845,347
Series 2012, Various Purpose Unlimited Tax GO Bonds	5.00%	04/01/42	3,430	3,824,244
Series 2012, Various Purpose Unlimited Tax GO Bonds	5.25%	04/01/35	4,665	5,346,696
Series 2013, Ref. Various Purpose Unlimited Tax GO Bonds	5.25%	09/01/30	1,000	1,177,010
California Infrastructure & Economic Development Bank (The Scripps Research Institute); Series 2005 A, RB	5.00%	07/01/29	2,000	2,007,400
Camarillo (City of) Public Finance Authority; Series 2005, Wastewater RB (INS-AMBAC) ^(b)	5.00%	06/01/36	2,000	2,079,020
Coachella (City of) Redevelopment Agency (Merged Project Areas); Series 2006 A, Sub. Tax Allocation RB (INS-AMBAC) ^(b)	5.25%	09/01/36	3,390	3,446,172
Daly City (City of) Housing Development Finance Agency (Franciscan Mobile Home Park Acquisition); Series 2007 C, Ref. Third Tier Mobile Home Park RB	6.50%	12/15/47	595	614,849
Desert Community College District (Election of 2004); Series 2007 B, Unlimited Tax GO Bonds (INS-AGM) ^(b)	5.00%	08/01/32	500	539,265
East Bay Municipal Utility District; Series 2010 A, Ref. Sub. Water System RB ^(c)	5.00%	06/01/36	5,795	6,648,951
Foothill-Eastern Transportation Corridor Agency; Series 2015, Ref. CAB Toll Road RB (INS-AGM) ^{(b)(h)}	0.00%	01/15/34	5,235	2,311,305
Golden State Tobacco Securitization Corp.; Series 2007 A-1, Sr. Tobacco Settlement Asset-Backed RB	4.50%	06/01/27	5,720	5,564,759
Series 2007 A-1, Sr. Tobacco Settlement Asset-Backed RB	5.00%	06/01/33	7,000	5,855,990
Series 2013 A, Enhanced Tobacco Settlement Asset-Backed RB	5.00%	06/01/30	1,725	1,944,058
Series 2015 A, Ref. Tobacco Settlement Asset-Backed RB	5.00%	06/01/40	3,000	3,297,300

See accompanying notes which are an integral part of this schedule.

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	Interest Rate	Maturity Date	Principal Amount (000)	Value
California (continued)				
Kern (County of) Board of Education; Series 2006 A, Ref. COP (INS-NATL) ^(b)	5.00%	06/01/31	\$ 1,000	\$ 1,033,820
Los Angeles (City of) Department of Water & Power; Series 2012 B, Waterworks RB	5.00%	07/01/37	1,000	1,123,440
Series 2012-B, Waterworks RB ^(c)	5.00%	07/01/43	6,500	7,257,575
Los Angeles (County of) Public Works Financing Authority; Series 1996 A, Ref. Sr. Lien RB (INS-AGM) ^(b)	5.50%	10/01/18	865	928,197
Morongo Band of Mission Indians (The) (Enterprise Casino); Series 2008 B, RB ^(f)	5.50%	03/01/18	110	119,066
Palomar Pomerado Health; Series 2009, COP	6.75%	11/01/39	1,450	1,597,755
Sacramento (County of); Series 2010, Sr. Airport System RB	5.00%	07/01/40	2,750	3,037,375
San Diego (County of) Regional Airport Authority; Series 2010 A, Sub. RB	5.00%	07/01/34	525	585,428
San Diego Community College District (Election of 2006); Series 2011, Unlimited Tax GO Bonds ^(c)	5.00%	08/01/36	8,460	9,553,455
San Francisco (City & County of) Airport Commission (San Francisco International Airport); Series 2010 F, Second Series RB	5.00%	05/01/40	1,000	1,081,630
Series 2011 F, Ref. Second Series RB ^(g)	5.00%	05/01/25	1,210	1,366,078
Series 2011 F, Ref. Second Series RB ^(g)	5.00%	05/01/26	2,420	2,710,061
San Francisco (City & County of) Public Utilities Commission (Water System Improvement Program); Subseries 2011 A, Water RB ^(c)	5.00%	11/01/36	5,250	5,917,590
San Francisco (City & County of) Public Utilities Commission; Series 2012, Water RB	5.00%	11/01/33	3,800	4,317,560
Santa Margarita Water District (Community Facilities District No. 2013-1); Series 2013, Special Tax RB	5.50%	09/01/32	870	976,087
Southern California Metropolitan Water District; Series 2005 A, RB (INS-AGM) ^(b)	5.00%	07/01/35	1,000	1,004,190
Southern California Public Power Authority (Milford Wind Corridor Phase II); Series 2011-1, RB ^(c)	5.25%	07/01/29	1,950	2,274,812
Vernon (City of); Series 2009 A, Electric System RB	5.13%	08/01/21	3,300	3,653,067
West Contra Costa Unified School District; Series 2005, Unlimited Tax CAB GO Bonds (INS-NATL) ^{(b)(h)}	0.00%	08/01/25	1,485	1,048,351
Series 2005, Unlimited Tax CAB GO Bonds (INS-NATL) ^{(b)(h)}	0.00%	08/01/26	1,350	908,753
West Sacramento (City of) Financing Authority; Series 2006 A, Special Tax RB (INS-SGI) ^(b)	5.00%	09/01/26	2,500	2,746,775
William S. Hart Union High School District (Election of 2008); Series 2009 A,	0.00%	08/01/32	4,650	2,178,339

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Unlimited Tax CAB GO Bonds ^(h)				
				161,991,805
Colorado 5.02%				
Colorado (State of) Board of Governors; Series 2012 A, University Enterprise System RB (CEP-Colorado Higher Education Intercept Program) ^(c)	5.00%	03/01/41	3,500	3,866,415
Colorado (State of) Educational & Cultural Facilities Authority (Academy of Charter Schools); Series 2004, Charter School RB (INS-SGI) ^(b)	5.50%	05/01/36	5,000	5,017,650
Colorado (State of) Educational & Cultural Facilities Authority (Challenge to Excellence Charter School); Series 2007, Ref. Charter School RB (INS-AGC) ^(b)	5.00%	06/01/37	2,500	2,566,150
Colorado (State of) Health Facilities Authority (Catholic Health Initiatives); Series 2009 A, RB	5.00%	07/01/39	1,500	1,612,200
Colorado (State of) Health Facilities Authority (Catholic Health); Series 2006 C5, RB (INS-AGM) ^{(b)(c)}	5.00%	09/01/36	7,400	7,838,598
Colorado (State of) Health Facilities Authority (Evangelical Lutheran); Series 2005, Health Facilities RB	5.00%	06/01/35	2,790	2,842,926
Colorado (State of) Health Facilities Authority (SCL Health System); Series 2013 A, RB ^(c)	5.50%	01/01/35	3,000	3,504,690
Colorado (State of) Health Facilities Authority (Volunteers of America Care); Series 2007 A, Health & Residential Care Facilities RB	5.25%	07/01/27	420	419,236
Series 2007 A, Health & Residential Care Facilities RB	5.30%	07/01/37	650	633,867
Colorado (State of) Regional Transportation District (Denver Transit Partners Eagle P3); Series 2010, Private Activity RB	6.00%	01/15/34	1,500	1,710,435
Series 2010, Private Activity RB	6.00%	01/15/41	700	796,775
Series 2010, Private Activity RB	6.50%	01/15/30	1,850	2,175,248
Denver (City & County of); Series 2012 B, Airport System RB	5.00%	11/15/37	2,500	2,794,775
Series 2013 A, Sub. Airport System RB ^(g)	5.25%	11/15/43	3,000	3,280,410
Denver (City of) Convention Center Hotel Authority; Series 2006, Ref. Sr. RB (INS-SGI) ^(b)	5.00%	12/01/30	2,000	2,050,740
Series 2006, Ref. Sr. RB (INS-SGI) ^(b)	5.00%	12/01/35	1,400	1,432,564
Montezuma (County of) Hospital District; Series 2007, Ref. RB	5.90%	10/01/37	840	854,944

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	Interest Rate	Maturity Date	Principal Amount (000)	Value
Colorado (continued)				
Montrose (County of) Memorial Hospital Board of Trustees; Series 2003, Enterprise RB	6.00%	12/01/33	\$ 1,500	\$ 1,512,450
Salida (City of) Hospital District; Series 2006, RB	5.25%	10/01/36	2,110	2,123,926
				47,033,999
Connecticut 0.53%				
Connecticut (State of) (Bradley International Airport); Series 2000 A, Special Obligation Parking RB (INS-ACA) ^{(b)(g)}	6.60%	07/01/24	3,800	3,812,768
Connecticut (State of) Development Authority (Aquarion Water Co.); Series 2011, Water Facilities RB ^(g)	5.50%	04/01/21	1,000	1,136,850
				4,949,618
District of Columbia 3.23%				
District of Columbia (Provident Group - Howard Properties LLC); Series 2013, Student Dormitory RB	5.00%	10/01/45	2,660	2,716,818
District of Columbia (Sibley Memorial Hospital); Series 2009, Hospital RB ^{(d)(e)}	6.38%	10/01/19	3,115	3,776,065
Series 2009, Hospital RB ^{(d)(e)}	6.50%	10/01/19	1,990	2,422,765
District of Columbia Water & Sewer Authority; Series 2007 A, Public Utility Sub. Lien RB ^{(d)(e)}	5.50%	10/01/17	8,000	8,865,440
Series 2008 A, Ref. Public Utility Sub. Lien RB (INS-AGC) ^{(b)(c)}	5.00%	10/01/29	1,225	1,349,668
Series 2008 A, Ref. Public Utility Sub. Lien RB (INS-AGC) ^{(b)(c)}	5.00%	10/01/34	2,350	2,577,551
District of Columbia; Series 2006 B-1, Ballpark RB (INS-NATL) ^(b)	5.00%	02/01/31	3,000	3,067,230
Series 2008 E, Unlimited Tax GO Bonds (INS-BHAC) ^{(b)(c)}	5.00%	06/01/26	380	420,660
Series 2008 E, Unlimited Tax GO Bonds (INS-BHAC) ^{(b)(c)}	5.00%	06/01/27	380	419,239
Series 2008 E, Unlimited Tax GO Bonds (INS-BHAC) ^{(b)(c)}	5.00%	06/01/28	760	834,472
Metropolitan Washington Airports Authority (Dulles Metrorail and Capital Improvement); Series 2014 A, Ref. Sr. Lien Dulles Toll Road RB	5.00%	10/01/53	3,625	3,801,828
				30,251,736
Florida 13.25%				
Alachua (County of) (North Florida Retirement Village, Inc.); Series 2007, IDR	5.88%	11/15/36	1,000	1,020,760
Alachua (County of) Health Facilities Authority (Shands Teaching Hospital and Clinics); Series 2014, RB	5.00%	12/01/44	1,085	1,169,652
Alachua (County of) Health Facilities Authority (Terraces at Bonita Springs); Series 2011 A, RB	8.13%	11/15/41	1,000	1,185,560
	5.00%	04/01/39	3,500	3,762,290

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Brevard (County of) Health Facilities Authority (Health First, Inc.); Series 2014, Ref. RB				
Broward (County of) Educational Facilities Authority (Nova Southeastern University); Series 2006, RB (INS-AGC) ^(b)	5.00%	04/01/31	2,000	2,030,480
Broward (County of); Series 2012 A, Water & Sewer Utility RB	5.00%	10/01/37	4,125	4,621,402
Series 2013 C, Airport System RB	5.25%	10/01/38	3,000	3,342,270
Cape Coral (City of); Series 2011, Ref. Water & Sewer RB (INS-AGM) ^(b)	5.00%	10/01/41	870	957,696
Citizens Property Insurance Corp. (High Risk Account); Series 2010 A-1, Sr. Sec. RB	5.25%	06/01/17	2,970	3,216,896
Collier (County of) Industrial Development Authority (The Arlington of Naples); Series 2014 A, Continuing Care Community RB ^(f)	7.75%	05/15/35	1,650	1,931,506
Series 2014 B-2, TEMPS-70 SM Continuing Care Community RB ^(f)	6.50%	05/15/20	1,645	1,647,484
Davie (Town of) (Nova Southeastern University); Series 2013 A, Educational Facilities RB	6.00%	04/01/42	1,800	2,059,614
Escambia (County of) Health Facilities Authority (Florida Health Care Facility Loan Veterans Health Administration Program); Series 2000, RB (INS-AMBAC) ^(b)	5.95%	07/01/20	400	422,432
Florida (State of) Board of Education; Series 2007 B, Lottery RB (INS-BHAC) ^(b)	5.00%	07/01/27	6,000	6,552,000
Florida (State of) Department of Transportation; Series 2008 A, Ref. Turnpike RB ^(c)	5.00%	07/01/26	2,540	2,777,033
Series 2008 A, Ref. Turnpike RB ^(c)	5.00%	07/01/27	2,580	2,817,360
Series 2008 A, Ref. Turnpike RB ^(c)	5.00%	07/01/28	2,805	3,056,328
Series 2008 A, Ref. Turnpike RB ^(c)	5.00%	07/01/32	2,500	2,708,900
Florida (State of) Ports Financing Commission (State Transportation Trust Fund); Series 2011 B, Ref. RB ^(g)	5.13%	06/01/27	1,080	1,244,128
Hillsborough (County of) Aviation Authority; Series 2008 A, RB (INS-AGC) ^{(b)(c)(g)}	5.38%	10/01/33	1,500	1,656,660
Series 2008 A, RB (INS-AGC) ^{(b)(c)(g)}	5.50%	10/01/38	3,325	3,681,074

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	Interest Rate	Maturity Date	Principal Amount (000)	Value
Florida (continued)				
JEA; Series 2012 Three B, Electric System RB ^(c)	5.00%	10/01/39	\$ 4,000	\$ 4,388,320
Lakeland (City of) (Lakeland Regional Health Systems); Series 2015, Hospital System RB	5.00%	11/15/40	1,935	2,075,887
Martin (County of) Health Facilities Authority (Martin Memorial Medical Center); Series 2012, RB	5.00%	11/15/27	1,895	2,044,724
Miami Beach (City of) Health Facilities Authority (Mount Sinai Medical Center); Series 2014, Ref. RB	5.00%	11/15/44	1,180	1,271,686
Miami-Dade (County of) (Florida Public Improvement); Series 1988 DD, Unlimited Tax GO Bonds (INS-AMBAC) ^(b)	7.75%	10/01/15	830	850,567
Miami-Dade (County of) (Miami International Airport); Series 2005, Aviation RB (INS-AGC) ^{(b)(g)}	5.00%	10/01/38	790	799,069
Miami-Dade (County of) (Miami International Airport-Hub of the Americas); Series 2009 B, Aviation RB (INS-AGC) ^(b)	5.00%	10/01/25	650	730,691
Miami-Dade (County of) Educational Facilities Authority (University of Miami); Series 2008 A, RB (INS-BHAC) ^(b)	5.50%	04/01/38	1,370	1,422,444
Miami-Dade (County of) Expressway Authority; Series 2010 A, Ref. Toll System RB	5.00%	07/01/40	5,000	5,409,900
Series 2010 A, Ref. Toll System RB (INS-AGM) ^(b)	5.00%	07/01/35	720	798,336
Miami-Dade (County of) Health Facilities Authority (Miami Children's Hospital); Series 2010 A, Ref. Hospital RB	6.00%	08/01/30	360	417,352
Series 2010 A, Ref. Hospital RB	6.13%	08/01/42	825	951,902
Miami-Dade (County of); Series 2010, Water & Sewer System RB (INS-AGC) ^(b)	5.00%	10/01/39	1,000	1,123,870
Series 2012 A, Ref. Aviation RB ^(g)	5.00%	10/01/28	1,500	1,679,355
Series 2012 A, Ref. Aviation RB ^(g)	5.00%	10/01/30	1,080	1,197,785
Series 2012 A, Ref. Sub. Special Obligation RB	5.00%	10/01/28	1,000	1,128,890
Series 2012 B, Ref. Sub. Special Obligation RB	5.00%	10/01/32	1,450	1,613,429
Series 2012 B, Ref. Sub. Special Obligation RB	5.00%	10/01/35	2,295	2,542,630
Series 2012 B, Ref. Sub. Special Obligation RB (INS-AGM) ^(b)	5.00%	10/01/35	2,450	2,714,355
Overoaks Community Development District; Series 2004 A, Capital Improvement Special Assessment RB ⁽ⁱ⁾	6.13%	05/01/35	160	2
Series 2010 A-2, Capital Improvement RB	6.13%	05/01/35	160	160,083
Series 2010 B, Capital Improvement RB	5.13%	05/01/17	205	202,653
Palm Beach (County of) Health Facilities Authority (The Waterford); Series 2007, RB ^{(d)(e)}	5.88%	11/15/17	1,400	1,568,154
Palm Beach (County of) Solid Waste Authority; Series 2009, Improvement RB (INS-BHAC) ^{(b)(c)}	5.50%	10/01/23	4,150	4,847,159

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Series 2009, Improvement RB (INS-BHAC) ^(b)	5.50%	10/01/23	600	700,794
Series 2011, Ref. RB ^(c)	5.00%	10/01/31	4,650	5,318,019
Putnam (County of) Development Authority (Seminole Electric Cooperative); Series 2007 A, Ref. PCR (INS-AMBAC) ^{(b)(e)}	5.35%	05/01/18	5,000	5,550,900
Reunion East Community Development District; Series 2005, Special Assessment RB ⁽ⁱ⁾	5.80%	05/01/36	490	318,529
Seminole Indian Tribe of Florida; Series 2007 A, Special Obligation RB ^(f)	5.75%	10/01/22	1,000	1,071,930
Seven Oaks Community Development District II; Series 2004 A, Special Assessment RB	5.88%	05/01/35	1,000	943,110
South Miami (City of) Health Facilities Authority (Baptist Health South Florida Obligated Group); Series 2007, Hospital RB ^(c)	5.00%	08/15/32	7,510	7,921,097
Series 2007, Hospital RB ^(c)	5.00%	08/15/42	4,000	4,198,680
Series 2007, Hospital RB	5.00%	08/15/42	4,000	4,198,680
St. Johns (County of) Industrial Development Authority (Glenmoor); Series 2014 A, Ref. Health Care RB ^(j)	1.34%	01/01/49	750	262,523
Series 2014 B, Ref. Sub. Health Care RB	2.50%	01/01/49	278	3
Sterling Hill Community Development District; Series 2003 A, Capital Improvement Special Assessment RB	6.20%	05/01/35	1,050	816,585
Sumter (County of) Industrial Development Authority (Central Florida Health Alliance); Series 2014 A, Hospital RB	5.13%	07/01/34	1,000	1,083,710
				124,185,328

Georgia 3.43%

Atlanta (City of) (Beltline); Series 2009 B, Tax Allocation RB	6.75%	01/01/20	325	380,939
Series 2009 B, Tax Allocation RB	6.75%	01/01/20	585	685,690
Series 2009 B, Tax Allocation RB	7.38%	01/01/31	265	308,182

See accompanying notes which are an integral part of this schedule.

Invesco Municipal Opportunity Trust

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	Interest Rate	Maturity Date	Principal Amount (000)	Value
Georgia (continued)				
Atlanta (City of);				
Series 1999 A, Water & Wastewater RB (INS-NATL) ^(b)	5.50%	11/01/22	\$ 3,000	\$ 3,645,390
Series 2009 A, Water & Wastewater RB	5.25%	11/01/17	1,675	1,850,557
Series 2009 A, Water & Wastewater RB ^{(d)(e)}	6.00%	11/01/19	1,600	1,917,392
Series 2009 A, Water & Wastewater RB ^{(d)(e)}	6.00%	11/01/19	1,750	2,097,147
Series 2009 A, Water & Wastewater RB ^{(d)(e)}	6.00%	11/01/19	1,600	1,917,392
Series 2010 A, General Airport RB (INS-AGM) ^(b)	5.00%	01/01/35	2,000	2,236,640
Fulton (County of) Development Authority (Georgia Tech Athletic Association);				
Series 2012, Ref. RB	5.00%	10/01/42	1,340	1,481,826
Georgia (State of) Municipal Electric Authority; Series				
1997 A, Power RB (INS-NATL) ^(b)	6.50%	01/01/20	4,800	5,343,216
Georgia (State of) Road & Tollway Authority; Series 2003, RB				
	5.00%	10/01/23	3,000	3,011,940
Metropolitan Atlanta Rapid Transit Authority; Series 2007 B, Ref. Third Indenture Sales Tax RB (INS-AGM) ^(b)				
	5.00%	07/01/34	660	709,309
Newton (County of) Industrial Development Authority (GPC Foundation Real Estate Newton, LLC Academic Building - Newton Campus); Series 2005, RB (INS-AGC) ^(b)				
	5.00%	06/01/34	2,000	2,073,160
Private Colleges & Universities Authority (Emory University); Series 2009 B, RB ^(c)				
	5.00%	09/01/29	3,200	3,654,944
Private Colleges & Universities Authority (Mercer University);				
Series 2012 A, RB	5.00%	10/01/32	250	269,520
Series 2012 A, RB	5.25%	10/01/27	455	508,112
				32,091,356
Hawaii 1.67%				
Hawaii (State of) Department of Budget & Finance (Hawaii Pacific Health Obligated Group);				
Series 2010 B, Special Purpose RB	5.63%	07/01/30	1,000	1,136,650
Series 2010 B, Special Purpose RB	5.75%	07/01/40	370	418,052
Series 2013 A, Ref. Special Purpose RB	5.50%	07/01/43	3,000	3,393,450
Hawaii (State of);				
Series 2010 A, Airport System RB	5.00%	07/01/39	3,525	3,818,456
Series 2014 EO, Unlimited Tax GO Bonds	5.00%	08/01/34	5,000	5,753,200
Honolulu (City & County of); Series 2012 A, Unlimited Tax GO Bonds				
	5.00%	11/01/36	1,000	1,125,790
				15,645,598
Idaho 0.75%				
Idaho (State of) Health Facilities Authority (St. Luke's Health System);				
Series 2008 A, RB	6.50%	11/01/23	1,000	1,155,710
Series 2008 A, RB	6.75%	11/01/37	1,400	1,608,852

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Idaho (State of) Health Facilities Authority (Valley Vista Care Corp.); Series 2007, Ref. RB	6.13%	11/15/27	920	956,395
Idaho (State of) Housing & Finance Association (Federal Highway Trust Fund); Series 2008 A, Grant & RAB (INS-AGC) ^(b)	5.25%	07/15/24	1,240	1,370,374
Regents of the University of Idaho; Series 2011, Ref. General RB ^(e)	5.25%	04/01/21	1,695	1,963,217
				7,054,548

Illinois 21.93%

Bartlett (Village of) (Quarry Redevelopment); Series 2007, Ref. Sr. Lien Tax Increment Allocation RB	5.60%	01/01/23	1,750	1,783,285
Bourbonnais (Village of) (Olivet Nazarene University); Series 2010, Industrial Project RB	5.50%	11/01/40	945	1,032,696
Series 2013, Industrial Project RB	5.50%	11/01/42	1,050	1,132,341
Chicago (City of) (Midway Airport); Series 2013 A, Ref. Second Lien RB ^(g)	5.50%	01/01/31	4,000	4,458,480
Series 2014 A, Ref. Second Lien RB ^(g)	5.00%	01/01/41	1,575	1,659,200
Chicago (City of) (O Hare International Airport); Series 2005 A, Third Lien General Airport RB (INS-AGC) ^{(b)(c)}	5.25%	01/01/24	10,900	11,198,769
Series 2005 A, Third Lien General Airport RB (INS-AGC) ^{(b)(c)}	5.25%	01/01/25	10,000	10,271,100
Series 2005 A, Third Lien General Airport RB (INS-AGC) ^{(b)(c)}	5.25%	01/01/26	3,855	3,959,046
Series 2005 A, Third Lien General Airport RB (INS-NATL) ^(b)	5.25%	01/01/26	4,000	4,107,960
Series 2008 A, Third Lien General Airport RB (INS-AGM) ^{(b)(c)}	5.00%	01/01/33	1,400	1,503,586
Series 2012 B, Ref. Passenger Facility Charge RB ^(g)	5.00%	01/01/30	4,320	4,588,445
Series 2013, Sr. Lien Customer Facility Charge RB	5.75%	01/01/38	3,150	3,542,711

See accompanying notes which are an integral part of this schedule.

Invesco Municipal Opportunity Trust

	Interest Rate	Maturity Date	Principal Amount (000)	Value
Illinois (continued)				
Chicago (City of) Board of Education; Series 2008 C, Ref. Unlimited Tax GO Bonds (INS-AGM) (b)(c)	5.00%	12/01/27	\$ 4,525	\$ 4,585,907
Series 2008 C, Ref. Unlimited Tax GO Bonds (INS-AGM) (b)	5.00%	12/01/27	6,750	6,840,855
Series 2011 A, Unlimited Tax GO Bonds (c)	5.00%	12/01/41	2,830	2,525,407
Chicago (City of) Transit Authority; Series 2011, Sales Tax Receipts RB (c)	5.25%	12/01/36	6,900	7,316,760
Series 2014, Sales Tax Receipts RB	5.00%	12/01/44	4,735	4,957,498
Chicago (City of); Series 1996 A-2, Ref. Unlimited Tax GO Bonds (INS-AMBAC) (b)	5.50%	01/01/18	700	728,175
Series 2002 B, Unlimited Tax GO Bonds	5.50%	01/01/37	860	858,873
Series 2005 D, Ref. Unlimited Tax GO Bonds	5.50%	01/01/40	535	533,539
Series 2007 A, Ref. Project Unlimited Tax GO Bonds (INS-AGM) (b)	5.00%	01/01/37	2,650	2,652,279
Series 2007 E, Ref. Unlimited Tax GO Bonds	5.50%	01/01/42	425	422,042
Series 2008 A, Unlimited Tax GO Bonds (INS-AGC) (b)(c)	5.25%	01/01/24	1,000	1,038,150
Series 2008 A, Unlimited Tax GO Bonds (INS-AGC) (b)(c)	5.25%	01/01/25	3,875	3,998,651
Series 2011, Tax Increment Allocation Revenue COP	7.13%	05/01/21	445	477,943
Series 2011, Tax Increment Allocation Revenue COP	7.13%	05/01/21	875	939,776
Series 2011 A, Sales Tax RB	5.25%	01/01/38	2,400	2,523,888
Series 2012, Second Lien Wastewater Transmission RB	5.00%	01/01/42	4,085	4,207,223
Series 2012 A, Unlimited Tax GO Bonds	5.00%	01/01/33	2,485	2,540,838
Series 2014, Ref. Motor Fuel Tax RB (INS-AGM) (b)	5.00%	01/01/31	1,400	1,482,082
Series 2014, Second Lien Waterworks RB	5.00%	11/01/44	1,105	1,153,045
Cook (County of); Series 2012 C, Ref. Unlimited Tax GO Bonds	5.00%	11/15/33	2,300	2,416,771
Cook County School District No. 100 (Berwyn South); Series 1997, Unlimited Tax GO Bonds (INS-AGM) (b)	8.10%	12/01/15	285	295,622
Illinois (State of) Finance Authority (Art Institute of Chicago); Series 2012 A, RB	5.00%	03/01/34	1,000	1,098,960
Illinois (State of) Finance Authority (Centegra Health System); Series 2014 A, RB	5.00%	09/01/42	1,810	1,893,821
Illinois (State of) Finance Authority (Christian Homes, Inc.); Series 2007, Ref. RB (d)(e)	5.75%	05/15/17	880	964,110
Series 2007, Ref. RB	5.75%	05/15/26	1,420	1,463,693
Illinois (State of) Finance Authority (Kish Health System Obligated Group); Series 2008, Ref. Hospital RB	5.50%	10/01/22	1,850	2,080,566
Illinois (State of) Finance Authority (Little Company of Mary Hospital & Health Care Centers); Series 2010, RB	5.38%	08/15/40	625	660,781
Illinois (State of) Finance Authority (Loyola University of Chicago); Series 2012 B, RB	5.00%	07/01/42	1,000	1,060,530

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Illinois (State of) Finance Authority (Northwestern Memorial Hospital); Series 2009 A, RB ^(c)	5.38%	08/15/24	3,070	3,463,666
Series 2009 A, RB ^(c)	5.75%	08/15/30	1,900	2,178,027
Series 2009 B, RB	5.00%	08/15/16	380	400,357
Illinois (State of) Finance Authority (OSF Healthcare System); Series 2007 A, RB	5.75%	11/15/37	4,500	4,874,985
Illinois (State of) Finance Authority (Park Place of Elmhurst); Series 2010 D-2, TEMPS-65 SM RB	7.00%	11/15/15	1,990	1,253,700
Illinois (State of) Finance Authority (Resurrection Health Care Corp.); Series 1999 A, RB (INS-AGM) ^(b)	5.50%	05/15/24	6,000	6,612,180
Illinois (State of) Finance Authority (Riverside Health System); Series 2009, RB	6.25%	11/15/35	1,650	1,916,459
Illinois (State of) Finance Authority (Roosevelt University); Series 2007, RB	5.50%	04/01/37	1,000	1,019,780
Illinois (State of) Finance Authority (Rush University Medical Center Obligated Group); Series 2009 A, RB ^{(d)(e)}	7.25%	11/01/18	2,845	3,407,769
Illinois (State of) Finance Authority (Sherman Health System); Series 2007 A, RB ^{(d)(e)}	5.50%	08/01/17	7,500	8,231,775
Illinois (State of) Finance Authority (Swedish Covenant Hospital); Series 2010 A, Ref. RB	5.75%	08/15/29	1,105	1,214,318
Series 2010 A, Ref. RB	6.00%	08/15/38	2,750	3,049,200
Illinois (State of) Finance Authority (The University of Chicago Medical Center); Series 2011 C, RB ^(c)	5.50%	08/15/41	1,530	1,708,046
Illinois (State of) Finance Authority (University of Chicago); Series 2013 A, RB ^(c)	5.25%	10/01/52	4,080	4,538,755
Illinois (State of) Finance Authority (Waste Management Inc.); Series 2005 A, Solid Waste Disposal RB ^(g)	5.05%	08/01/29	1,335	1,358,589
Illinois (State of) Finance Authority; Series 2009, RB	6.13%	05/15/25	20	23,697
Series 2009, RB	6.13%	05/15/25	755	849,073

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Invesco Municipal Opportunity Trust

	Interest Rate	Maturity Date	Principal Amount (000)	Value
Illinois (continued)				
Illinois (State of) Metropolitan Pier & Exposition Authority (McCormick Place Expansion);				
Series 2010 A, RB	5.50%	06/15/50	\$ 2,750	\$ 2,922,508
Series 2012 A, RB	5.00%	06/15/42	1,500	1,556,745
Series 2012 B, RB	5.00%	12/15/28	1,110	1,206,859
Illinois (State of) Sports Facilities Authority;				
Series 2014, Ref. RB (INS-AGM) ^(b)	5.25%	06/15/31	1,530	1,707,113
Series 2014, Ref. RB (INS-AGM) ^(b)	5.25%	06/15/32	1,395	1,550,835
Illinois (State of) Toll Highway Authority;				
Series 2013 A, RB ^(c)	5.00%	01/01/38	4,625	5,048,280
Series 2014 C, RB	5.00%	01/01/39	6,240	6,921,533
Illinois (State of);				
Series 2013, Unlimited Tax GO Bonds	5.50%	07/01/38	3,025	3,340,235
Series 2014, Unlimited Tax GO Bonds	5.00%	04/01/30	1,415	1,456,672
Series 2014, Unlimited Tax GO Bonds	5.00%	05/01/33	3,520	3,590,963
Series 2014, Unlimited Tax GO Bonds	5.25%	02/01/34	1,650	1,710,341
Peoria (County of); Series 2011, Unlimited Tax GO Bonds ^(c)				
	5.00%	12/15/41	3,900	4,242,654
Railsplitter Tobacco Settlement Authority; Series 2010, RB				
	5.50%	06/01/23	6,030	7,014,156
Regional Transportation Authority; Series 1994 B, RB (INS-AMBAC) ^(b)				
	8.00%	06/01/17	5,000	5,488,950
Will (County of) & Kankakee (City of) Regional Development Authority (Senior Estates Supportive Living); Series 2007, MFH RB ^(g)				
	7.00%	12/01/42	665	697,266
				205,510,890
Indiana 4.57%				
East Chicago Elementary School Building Corp.; Series 1996, Ref. First Mortgage RB (INS-AMBAC) ^(b)				
	6.25%	01/05/16	570	578,322
Indiana (State of) Finance Authority (Ascension Health Senior Credit); Series 2006 B-6, RB ^(c)				
	5.00%	11/15/36	9,200	9,697,904
Indiana (State of) Finance Authority (Clarion Health Obligated Group); Series 2006 A, Hospital RB ^{(d)(e)}				
	5.25%	02/15/16	1,080	1,117,573
Indiana (State of) Finance Authority (CWA Authority); Series 2011 B, Second Lien Wastewater Utility RB				
	5.25%	10/01/31	3,625	4,164,436
Indiana (State of) Finance Authority (Deaconess Hospital Obligated Group); Series 2009 A, Hospital RB				
	6.75%	03/01/39	1,360	1,566,421
Indiana (State of) Finance Authority (I-69 Section 5); Series 2014, RB ^(g)				
	5.00%	09/01/46	1,895	2,001,215
Series 2014, RB ^(g)	5.25%	09/01/34	1,105	1,218,097
Series 2014, RB ^(g)	5.25%	09/01/40	1,580	1,707,300
Indiana (State of) Finance Authority (Indianapolis				
	4.90%	01/01/16	2,125	2,178,869

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Power & Light Co.); Series 2009 A, Ref. Environmental Facilities RB				
Indiana (State of) Finance Authority (Ohio River Bridges East End Crossing);				
Series 2013, Private Activity RB ^(g)	5.00%	07/01/40	6,405	6,757,595
Series 2013 A, Private Activity RB ^(g)	5.00%	07/01/48	730	766,609
Indiana (State of) Finance Authority (Ohio Valley Electric Corp.);				
Series 2012 A, Midwestern Disaster Relief RB	5.00%	06/01/32	1,535	1,646,871
Series 2012 A, Midwestern Disaster Relief RB	5.00%	06/01/39	4,265	4,538,088
Indiana (State of) Health Facility Financing Authority (Columbus Regional Hospital);				
Series 1993, Ref. RB (INS-AGM) ^(b)	7.00%	08/15/15	345	348,740
Indiana (State of) Municipal Power Agency; Series 2013 A, Power Supply System RB				
	5.25%	01/01/38	2,000	2,271,800
Valparaiso (City of) (Pratt Paper, LLC); Series 2013, Exempt Facilities RB ^(g)				
	5.88%	01/01/24	1,500	1,724,430
Vigo (County of) Hospital Authority (Union Hospital, Inc.); Series 2007, RB ^(f)				
	5.75%	09/01/42	500	521,180
				42,805,450
Iowa 0.66%				
Iowa (State of) (IJOBS Program);				
Series 2009 A, Special Obligation RB ^{(c)(k)}	5.00%	06/01/25	975	1,105,894
Series 2009 A, Special Obligation RB ^{(c)(k)}	5.00%	06/01/26	730	828,003
Iowa (State of) Finance Authority (Alcoa Inc.); Series 2012, Midwestern Disaster Area RB				
	4.75%	08/01/42	2,500	2,570,674
Iowa (State of) Finance Authority (Iowa Health System); Series 2008 A, Health Facilities RB (INS-AGC) ^(b)				
	5.25%	08/15/29	1,500	1,684,200
				6,188,771

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Invesco Municipal Opportunity Trust

	Interest Rate	Maturity Date	Principal Amount (000)	Value
Kansas 1.28%				
Kansas (State of) Development Finance Authority (Adventist Health System/Sunbelt Obligated Group);				
Series 2009 C, Hospital RB	5.50%	11/15/23	\$ 1,250	\$ 1,438,463
Series 2009 C, Hospital RB	5.50%	11/15/29	335	383,414
Series 2009 C, Hospital RB ^(c)	5.75%	11/15/38	3,400	3,897,726
Kansas (State of) Municipal Energy Agency (Jameson Energy Center); Series 2013, Power Project RB				
	5.75%	07/01/38	2,000	2,319,140
Wichita (City of) (Presbyterian Manors, Inc.); Series 2013 IV-A, Health Care Facilities RB				
	6.38%	05/15/43	1,500	1,636,620
Wyandotte (County of) & Kansas City (City of) Unified Government; Series 2014 A, Ref. & Improvement Utility System RB				
	5.00%	09/01/44	2,080	2,293,595
				11,968,958
Kentucky 2.75%				
Kentucky (State of) Economic Development Finance Authority (Louisville Arena Authority, Inc.);				
Subseries 2008 A-1, RB (INS-AGC) ^(b)	5.75%	12/01/28	2,000	2,128,840
Subseries 2008 A-1, RB (INS-AGC) ^(b)	6.00%	12/01/42	1,000	1,065,440
Kentucky (State of) Economic Development Finance Authority (Owensboro Medical Health System, Inc.);				
Series 2010 A, Hospital RB	6.38%	06/01/40	1,950	2,213,913
Series 2010 A, Hospital RB	6.50%	03/01/45	4,550	5,184,088
Series 2010 B, Ref. Hospital RB	6.38%	03/01/40	1,985	2,253,412
Kentucky (State of) Property & Building Commission (No. 93);				
Series 2009, Ref. RB (INS-AGC) ^(b)	5.25%	02/01/24	2,110	2,394,196
Series 2009, Ref. RB (INS-AGC) ^(b)	5.25%	02/01/25	2,370	2,683,930
Kentucky (State of) Public Transportation Infrastructure Authority (Downtown Crossing);				
Series 2013 A, First Tier Toll RB	5.75%	07/01/49	1,000	1,125,950
Louisville (City of) & Jefferson (County of) Metropolitan Government (Norton Healthcare, Inc.);				
Series 2006, Health System RB	5.25%	10/01/36	5,405	5,578,338
Series 2013 A, Health System RB	5.50%	10/01/33	1,000	1,120,850
				25,748,957
Louisiana 2.60%				
Lafayette (City of) Public Trust Financing Authority (Ragin Cajun Facilities, Inc. - Housing & Parking);				
Series 2010, RB (INS-AGM) ^(b)	5.25%	10/01/30	550	622,727
Series 2010, RB (INS-AGM) ^(b)	5.50%	10/01/35	960	1,093,670
Lakeshore Villages Master Community Development District; Series 2007, Special Assessment RB ⁽ⁱ⁾				
	5.25%	07/01/17	1,360	476,150

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Louisiana (State of) Public Facilities Authority (Energy Louisiana LLC); Series 2010, RB	5.00%	06/01/30	1,450	1,480,914
Louisiana (State of) Public Facilities Authority (Ochsner Clinic Foundation); Series 2002 B, RB ^{(d)(e)}	5.50%	05/15/26	2,000	2,562,520
Louisiana Citizens Property Insurance Corp.; Series 2006 B, Assessment RB (INS-AMBAC) ^(b)	5.00%	06/01/20	1,000	1,043,710
Series 2009 C-2, Assessment RB (INS-AGC) ^(b)	6.75%	06/01/26	2,650	3,056,960
New Orleans (City of); Series 2014, Ref. Sewerage Service RB	5.00%	06/01/44	940	1,026,095
St. Charles (Parish of) (Valero Energy Corp.); Series 2010, Gulf Opportunity Zone RB ^(e)	4.00%	06/01/22	1,750	1,913,957
St. John the Baptist (Parish of) (Marathon Oil Corp.); Series 2007 A, RB	5.13%	06/01/37	4,125	4,349,111
Tobacco Settlement Financing Corp.; Series 2013 A, Ref. Asset-Backed RB	5.25%	05/15/31	1,085	1,216,708
Series 2013 A, Ref. Asset-Backed RB	5.25%	05/15/32	2,065	2,353,522
Series 2013 A, Ref. Asset-Backed RB	5.25%	05/15/33	1,735	1,935,861
Series 2013 A, Ref. Asset-Backed RB	5.50%	05/15/30	1,085	1,231,638
				24,363,543

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Invesco Municipal Opportunity Trust

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	Interest Rate	Maturity Date	Principal Amount (000)	Value
Maryland 0.76%				
Baltimore (County of) (Oak Crest Village Inc. Facility); Series 2007 A, RB	5.00%	01/01/37	\$ 505	\$ 520,226
Maryland (State of) Health & Higher Educational Facilities Authority (Maryland Institute College of Art); Series 2006, RB	5.00%	06/01/40	770	798,167
Maryland (State of) Health & Higher Educational Facilities Authority (Mercy Medical Center); Series 2007 A, RB	5.50%	07/01/42	2,715	2,839,836
Maryland Economic Development Corp. (Terminal); Series 2010 B, RB	5.75%	06/01/35	1,815	1,953,103
Maryland Economic Development Corp. (Transportation Facilities); Series 2010 A, RB	5.38%	06/01/25	930	1,015,448
				7,126,780
Massachusetts 1.66%				
Massachusetts (State of) Department of Transportation (Contract Assistance); Series 2010 B, Metropolitan Highway Systems RB	5.00%	01/01/35	2,010	2,265,571
Massachusetts (State of) Development Finance Agency (Berklee College of Music); Series 2007 A, RB	5.00%	10/01/32	2,800	3,031,756
Massachusetts (State of) Development Finance Agency (Partners Healthcare); Series 2012 L, RB	5.00%	07/01/31	1,230	1,382,692
Massachusetts (State of) Development Finance Agency (Tufts Medical Center); Series 2011 I, RB	6.75%	01/01/36	275	320,078
Series 2011 I, RB	7.25%	01/01/32	1,050	1,255,034
Massachusetts (State of) School Building Authority; Series 2011 B, Sr. Dedicated Sales Tax RB ^(c)	5.00%	10/15/35	6,450	7,285,404
				15,540,535
Michigan 1.85%				
Lansing (City of) Board of Water & Light; Series 2011 A, Utility System RB	5.00%	07/01/37	750	824,085
Michigan (State of) Finance Authority (Detroit Water & Sewerage Department); Series 2014 C-1, Ref. Local Government Loan Program RB	5.00%	07/01/44	1,585	1,660,002
Series 2014 C-3, Ref. Local Government Loan Program RB (INS-AGM) ^(b)	5.00%	07/01/33	2,000	2,195,820
Series 2014 C-6, Ref. Local Government Loan Program RB	5.00%	07/01/33	790	854,053
Series 2014 D-2, Ref. Local Government Loan Program RB (INS-AGM) ^(b)	5.00%	07/01/28	2,000	2,245,860
Series 2014 D-4, Ref. Local Government Loan Program RB	5.00%	07/01/29	790	864,797
Michigan (State of) Finance Authority (Midmichigan Health); Series 2014, Ref. Hospital RB	5.00%	06/01/39	2,885	3,125,176

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Monroe County Economic Development Corp. (Detroit Edison Co.); Series 1992 AA, Ref. RB (INS-NATL) ^(b)	6.95%	09/01/22	1,000	1,298,950
Oakland University; Series 2012, General RB	5.00%	03/01/42	3,000	3,260,970
Wayne State University Board of Governors; Series 2008, Ref. General RB (INS-AGM) ^(b)	5.00%	11/15/25	870	962,386
				17,292,099
Minnesota 0.55%				
Chaska (City of); Series 2000 A, Electric RB	6.10%	10/01/30	10	10,044
Minneapolis (City of) (Fairview Health Services); Series 2008 A, Health Care System RB	6.38%	11/15/23	2,850	3,294,942
Series 2008 A, Health Care System RB	6.63%	11/15/28	1,600	1,857,936
				5,162,922
Missouri 1.44%				
Cape Girardeau (County of) Industrial Development Authority (St. Francis Medical Center); Series 2009 A, Health Facilities RB	5.50%	06/01/29	500	562,115
Cass (County of); Series 2007, Hospital RB	5.63%	05/01/38	500	505,550
Kansas City (City of) Industrial Development Authority (Downtown Redevelopment District); Series 2011 A, Ref. RB	5.50%	09/01/24	1,175	1,381,612
Series 2011 A, Ref. RB	5.50%	09/01/25	305	356,707
Series 2011 A, Ref. RB	5.50%	09/01/27	1,375	1,583,491
Series 2011 A, Ref. RB	5.50%	09/01/28	2,380	2,699,991
Maryland Heights (City of) (South Heights Redevelopment); Series 2007 A, Ref. Tax Increment Allocation RB	5.50%	09/01/18	380	392,152
Missouri (State of) Health & Educational Facilities Authority (Lutheran Senior Services); Series 2010, Senior Living Facilities RB	5.50%	02/01/42	1,325	1,423,752
Missouri (State of) Health & Educational Facilities Authority (Missouri Baptist Medical Center); Series 1989, Health Facilities RB ^(d)	7.63%	07/01/18	600	613,956

See accompanying notes which are an integral part of this schedule.

Invesco Municipal Opportunity Trust

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	Interest Rate	Maturity Date	Principal Amount (000)	Value
Missouri (continued)				
Missouri (State of) Joint Municipal Electric Utility Commission (Plum Point); Series 2006, Power Project RB ^{(d)(e)}	5.00%	01/01/16	\$ 1,000	\$ 1,027,720
St. Louis (City of) Industrial Development Authority (Loughborough Commons Redevelopment); Series 2007, Ref. Community Improvement District Tax Increment Allocation RB	5.75%	11/01/27	825	833,143
St. Louis (County of) Industrial Development Authority (St. Andrew s Resources for Seniors); Series 2007 A, Senior Living Facilities RB	6.38%	12/01/30	615	641,667
Series 2007 A, Senior Living Facilities RB	6.38%	12/01/41	1,450	1,503,128
				13,524,984
Nebraska 2.14%				
Central Plains Energy Project (No. 3); Series 2012, Gas RB	5.00%	09/01/32	5,500	6,057,644
Series 2012, Gas RB	5.00%	09/01/42	2,000	2,142,960
Douglas (County of) Hospital Authority No. 2 (Madonna Rehabilitation Hospital); Series 2014, RB	5.00%	05/15/44	1,000	1,067,300
Nebraska (State of) Municipal Energy Agency; Series 2009 A, Ref. Power Supply System RB (INS-BHAC) ^(b)	5.13%	04/01/29	1,000	1,121,400
Series 2009 A, Ref. Power Supply System RB (INS-BHAC) ^(b)	5.38%	04/01/39	1,000	1,126,960
Nebraska (State of) Public Power District; Series 2007 B, RB ^{(d)(e)}	5.00%	07/01/17	1,260	1,370,086
Series 2007 B, RB (INS-BHAC) ^(b)	5.00%	01/01/37	740	791,164
Omaha (City of) Public Power District; Series 2011 B, RB ^(c)	5.00%	02/01/36	5,775	6,357,236
				20,034,750
Nevada 1.39%				
Clark (County of) (Las Vegas-McCarran International Airport); Series 2010 A, Passenger Facility Charge RB	5.13%	07/01/34	500	557,705
Series 2010 A, Passenger Facility Charge RB (INS-AGM) ^(b)	5.25%	07/01/39	1,000	1,120,810
Las Vegas (City of) Redevelopment Agency; Series 2009 A, Tax Increment Allocation RB	6.25%	06/15/16	290	300,194
Las Vegas Valley Water District; Series 2012 B, Limited Tax GO Bonds	5.00%	06/01/42	3,000	3,302,880
Nevada (State of) (Municipal Bond Bank - R9A Thru R13F); Series 2005, Limited Tax GO Bonds (INS-AGM) ^(b)	5.00%	12/01/23	1,500	1,506,000
	5.00%	06/01/26	1,600	1,761,248

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Nevada (State of); Series 2008 C, Capital Improvement & Cultural Affairs Limited Tax GO Bonds (INS-AGM) ^{(b)(c)}				
Reno (City of) (Renown Regional Medical Center); Series 2007 A, Hospital RB ^{(d)(e)}	5.25%	06/01/17	4,250	4,478,097
				13,026,934
New Hampshire 0.11%				
Manchester (City of); Series 2009 A, Ref. General Airport RB (INS-AGM) ^(b)	5.13%	01/01/30	1,000	1,061,440
New Jersey 6.96%				
New Jersey (State of) Economic Development Authority (Provident Group-Montclair Properties LLC-Montclair State University Student Housing);				
Series 2010 A, RB	5.75%	06/01/31	440	490,222
Series 2010 A, RB	5.88%	06/01/42	2,100	2,328,711
New Jersey (State of) Economic Development Authority (The Goethals Bridge Replacement);				
Series 2013, Private Activity RB ^(g)	5.00%	01/01/28	1,000	1,113,160
Series 2013, Private Activity RB ^(g)	5.38%	01/01/43	1,000	1,092,240
Series 2013, Private Activity RB ^(g)	5.50%	01/01/27	1,200	1,389,684
New Jersey (State of) Economic Development Authority;				
Series 1992, RB (INS-NATL) ^(b)	5.90%	03/15/21	28,335	31,856,190
Series 2007 U, School Facilities RB (INS-AGM) ^{(b)(c)}	5.00%	09/01/32	3,000	3,228,480
New Jersey (State of) Turnpike Authority; Series 2013 A, RB				
	5.00%	01/01/38	4,300	4,715,853
Passaic Valley Sewage Commissioners; Series 2003 F, Sewer System RB (INS-NATL) ^(b)				
	5.00%	12/01/19	2,000	2,007,620
Salem (County of) Pollution Control Financing Authority (Chambers); Series 2014 A, Ref. PCR ^(g)				
	5.00%	12/01/23	1,500	1,681,620
Tobacco Settlement Financing Corp.;				
Series 2007 1A, Asset-Backed RB	4.63%	06/01/26	7,090	6,861,206
Series 2007 1A, Asset-Backed RB	4.75%	06/01/34	1,330	1,021,693
Series 2007 1A, Asset-Backed RB	5.00%	06/01/29	5,085	4,352,912
Series 2007 1A, Asset-Backed RB	5.00%	06/01/41	4,035	3,103,117
				65,242,708

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	Interest Rate	Maturity Date	Principal Amount (000)	Value
New Mexico 1.03%				
Farmington (City of) (Public Service Co. of New Mexico San Juan);				
Series 2010 A, Ref. PCR ^(e)	5.20%	06/01/20	\$ 1,000	\$ 1,116,320
Series 2010 C, Ref. PCR	5.90%	06/01/40	3,250	3,608,443
Jicarilla Apache Nation;				
Series 2003 A, RB ^(f)	5.00%	09/01/18	1,230	1,230,123
Series 2003 A, RB ^(f)	5.50%	09/01/23	1,250	1,249,550
New Mexico (State of) Hospital Equipment Loan Council (Presbyterian Health Care Services); Series 2008 A, Hospital RB ^(c)				
	6.38%	08/01/32	2,100	2,443,392
				9,647,828
New York 17.08%				
Brooklyn Arena Local Development Corp. (Barclays Center);				
Series 2009, PILOT RB	6.25%	07/15/40	2,150	2,513,006
Series 2009, PILOT RB	6.38%	07/15/43	900	1,054,314
Erie Tobacco Asset Securitization Corp.; Series 2005 A, Tobacco Settlement Asset-Backed RB				
	5.00%	06/01/45	2,530	2,338,175
Long Island Power Authority;				
Series 2011 A, Electric System General RB (INS-AGM) ^(b)				
	5.00%	05/01/36	1,045	1,155,812
Series 2014 A, Ref. RB	5.00%	09/01/44	4,130	4,499,965
Metropolitan Transportation Authority; Series 2013 A, RB				
	5.00%	11/15/38	2,325	2,568,869
Nassau (County of) Industrial Development Agency (Amsterdam at Harborside);				
Series 2014 A, Continuing Care Retirement Community RB				
	6.50%	01/01/32	1,500	1,505,580
Series 2014 A, Continuing Care Retirement Community RB				
	6.70%	01/01/49	1,500	1,489,965
Series 2014 C, Continuing Care Retirement Community RB				
	2.00%	01/01/49	1,081	54,178
New York & New Jersey (States of) Port Authority (JFK International Air Terminal LLC);				
Series 1997 6, Special Obligation RB (INS-NATL) ^{(b)(g)}				
	5.75%	12/01/25	3,000	3,008,910
Series 2010 8, Special Obligation RB				
	6.00%	12/01/36	2,700	3,169,584
New York & New Jersey (States of) Port Authority;				
One Hundred Fifty-Second Series 2008, Consolidated RB ^{(c)(g)}				
	5.00%	11/01/28	6,300	6,709,878
One Hundred Forty-Fourth Series 2006, Consolidated RB ^(c)				
	5.00%	10/01/35	21,900	23,007,702
New York (City of) Municipal Water Finance Authority;				
Series 2010 FF, Second General Resolution Water & Sewer System RB				
	5.00%	06/15/31	10,500	12,016,095

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Series 2012 FF, Water & Sewer System RB ^(c) New York (City of) Transitional Finance Authority;	5.00%	06/15/45	7,335	8,052,510
Series 2009 S-3, Building Aid RB ^(c)	5.25%	01/15/39	1,800	2,006,172
Subseries 2009 A-1, Future Tax Sec. RB ^(c)	5.00%	05/01/28	935	1,056,784
Subseries 2009 A-1, Future Tax Sec. RB ^(c)	5.00%	05/01/29	745	840,524
Subseries 2009 A-1, Future Tax Sec. RB ^(c)	5.00%	05/01/30	745	839,310
New York (City of) Trust for Cultural Resources (Museum of Modern Art); Series 2008 1A, Ref. RB ^(c)	5.00%	04/01/26	2,850	3,198,213
New York (City of); Series 2009 H-1, Unlimited Tax GO Bonds	5.00%	03/01/16	1,500	1,553,280
Series 2012 F, Ref. Unlimited Tax GO Bonds	5.00%	08/01/31	1,200	1,347,960
Subseries 2008 A-1, Unlimited Tax GO Bonds ^(c)	5.25%	08/15/27	1,440	1,606,622
Subseries 2008 A-1, Unlimited Tax GO Bonds ^(c)	5.25%	08/15/28	1,440	1,606,622
Subseries 2008 I-1, Unlimited Tax GO Bonds ^(c)	5.00%	02/01/26	7,200	7,885,440
New York (State of) Dormitory Authority (City of New York); Series 2005 A, Court Facilities Lease RB (INS-AMBAC) ^(b)	5.50%	05/15/28	600	761,682
Series 2005 A, Court Facilities Lease RB (INS-AMBAC) ^(b)	5.50%	05/15/29	505	645,471
New York (State of) Dormitory Authority (Cornell University); Series 2006 A, RB ^(c)	5.00%	07/01/35	6,085	6,367,283
New York (State of) Dormitory Authority (General Purpose); Series 2011 A, State Personal Income Tax RB ^(c)	5.00%	03/15/30	4,125	4,715,948
New York (State of) Dormitory Authority (Montefiore Medical Center); Series 2004, Hospital RB (INS-NATL) ^(b)	5.00%	08/01/29	1,995	2,002,661
New York (State of) Dormitory Authority; Series 1995 A, City University System Consolidated RB	5.63%	07/01/16	2,195	2,262,912
Series 2013 A, General Purpose Personal Income Tax RB	5.00%	02/15/37	9,400	10,517,002
Series 2014 C, Personal Income Tax RB ^(c)	5.00%	03/15/40	6,985	7,825,226

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	Interest Rate	Maturity Date	Principal Amount (000)	Value
New York (continued)				
New York (State of) Thruway Authority (Transportation); Series 2009 A, Personal Income Tax RB	5.00%	03/15/25	\$ 940	\$ 1,064,409
Series 2009 A, Personal Income Tax RB ^(c)	5.00%	03/15/26	2,400	2,712,480
Series 2009 A, Personal Income Tax RB ^(c)	5.00%	03/15/27	2,650	2,989,200
Series 2009 A, Personal Income Tax RB ^(c)	5.00%	03/15/28	2,600	2,928,614
New York (State of) Thruway Authority; Series 2011 A-1, Second General Highway & Bridge Trust Fund RB ^(c)	5.00%	04/01/29	6,855	7,813,192
New York (State of) Utility Debt Securitization Authority; Series 2013 TE, Restructuring RB ^(c)	5.00%	12/15/31	2,400	2,792,784
New York Liberty Development Corp. (3 World Trade Center); Series 2014, Class 1, Ref. Liberty RB ^(f)	5.00%	11/15/44	6,745	6,908,364
New York Liberty Development Corp. (7 World Trade Center); Series 2012, Class 2, Ref. Liberty RB	5.00%	09/15/43	2,360	2,600,791
				159,993,489
North Carolina 2.12%				
Charlotte (City of) (Cultural Arts Facilities); Series 2009 E, Ref. COP ^(c)	5.00%	06/01/39	3,915	4,332,143
North Carolina (State of) Department of Transportation (I-77 HOT Lanes); Series 2015, Private Activity RB ^(g)	5.00%	06/30/54	1,560	1,643,320
North Carolina (State of) Eastern Municipal Power Agency; Series 2009 B, Power System RB	5.00%	01/01/26	5,165	5,780,824
North Carolina (State of) Medical Care Commission (Southminster); Series 2007 A, First Mortgage Retirement Facilities RB	5.75%	10/01/37	855	875,554
North Carolina (State of) Turnpike Authority; Series 2009 A, Triangle Expressway System RB (INS-AGC) ^(b)	5.13%	01/01/24	1,355	1,479,267
Series 2011, Monroe Connector System State Appropriation RB ^(c)	5.00%	07/01/36	1,875	2,085,656
Series 2011, Monroe Connector System State Appropriation RB ^(c)	5.00%	07/01/41	3,320	3,663,985
				19,860,749
North Dakota 0.17%				
McLean (County of) (Great River Energy); Series 2010 B, Solid Waste Facilities RB	5.15%	07/01/40	1,500	1,581,765
Ohio 6.32%				
Allen (County of) (Catholic Health Partners); Series 2012 A, Ref. Hospital Facilities RB	5.00%	05/01/42	500	540,945
	5.00%	02/15/37	3,750	4,116,563

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American Municipal Power, Inc. (Amp Fremont Energy Center); Series 2012, RB				
American Municipal Power, Inc. (Prairie State Energy Campus); Series 2008 A, RB (INS-AGC) ^{(b)(c)}	5.25%	02/15/33	2,400	2,616,336
American Municipal Power, Inc.; Series 2015 A, Ref. RB	5.00%	02/15/39	1,770	1,955,177
Cleveland-Cuyahoga (County of) Port Authority (Constellation Schools); Series 2014 A, Ref. & Improvement Lease RB ^(f)	6.50%	01/01/34	1,410	1,513,381
Cuyahoga (County of) (Eliza Jennings Senior Care Network); Series 2007 A, Health Care & Independent Living Facilities RB	5.75%	05/15/27	400	410,560
Franklin (County of) (OhioHealth Corp.); Series 2011 A, Hospital Facilities RB ^(c)	5.00%	11/15/36	3,310	3,675,623
Series 2011 A, Hospital Facilities RB ^(c)	5.00%	11/15/41	1,500	1,655,535
Hamilton (County of) (Christ Hospital); Series 2012, Health Care Facilities RB	5.25%	06/01/32	3,250	3,580,493
Hancock (County of) (Blanchard Valley Regional Health Center); Series 2011 A, Hospital Facilities RB	6.25%	12/01/34	960	1,124,832
Lorain (County of) (Catholic Healthcare Partners); Series 2003 C-1, Ref. Hospital Facilities RB (INS-AGM) ^{(b)(c)}	5.00%	04/01/24	4,900	5,335,512
Series 2006 A, Hospital Facilities RB (INS-AGM) ^{(b)(c)}	5.00%	02/01/24	4,525	4,926,865
Series 2006 B, Hospital Facilities RB (INS-AGM) ^{(b)(c)}	5.00%	02/01/24	4,575	4,981,626
Lucas (County of) (Promedica Healthcare); Series 2011 A, Hospital RB	5.75%	11/15/31	2,000	2,388,200
Montgomery (County of) (Catholic Health Initiatives); Series 2006 C-1, RB (INS-AGM) ^{(b)(c)}	5.00%	10/01/41	1,625	1,718,714
Ohio (State of) (Portsmouth Bypass); Series 2015, Private Activity RB (INS-AGM) ^{(b)(g)}	5.00%	12/31/39	1,020	1,109,240
Ohio (State of) Air Quality Development Authority (Columbus Southern Power Co.); Series 2009 B, Ref. RB ^(c)	5.80%	12/01/19	1,000	1,106,340
Ohio (State of) Air Quality Development Authority (FirstEnergy Generation Corp.); Series 2009 A, RB	5.70%	08/01/20	1,500	1,722,840
Series 2009 C, Ref. PCR	5.63%	06/01/18	5,100	5,632,899

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	Interest Rate	Maturity Date	Principal Amount (000)	Value
Ohio (continued)				
Ohio (State of) Higher Educational Facility Commission (Summa Health System);				
Series 2010, Hospital Facilities RB	5.75%	11/15/35	\$ 2,055	\$ 2,243,813
Series 2010, Hospital Facilities RB	5.75%	11/15/40	1,065	1,162,852
Ohio (State of) Turnpike Commission (Infrastructure);				
Series 2013 A, Jr. Lien RB	5.25%	02/15/33	3,000	3,428,190
Ohio (State of) Water Development Authority (FirstEnergy Nuclear Generation Corp.);				
Series 2009 A, Ref. PCR ^(e)	5.88%	06/01/16	2,140	2,237,263
				59,183,799
Oklahoma 0.42%				
McAlester (City of) Public Works Authority;				
Series 2002, Utility System CAB RB (INS-AGM) ^{(b)(h)}	0.00%	02/01/31	1,000	610,370
Series 2002, Utility System CAB RB (INS-AGM) ^{(b)(h)}	0.00%	02/01/34	3,970	2,156,583
Tulsa (City of) Airports Improvement Trust; Series 2000 A, General RB ^{(d)(g)}	6.00%	06/01/20	1,070	1,189,412
				3,956,365
Oregon 0.10%				
Oregon (State of) Department of Administrative Services;				
Series 2009 A, Lottery RB ^{(d)(e)}	5.25%	04/01/19	315	361,888
Warm Springs Reservation Confederated Tribes of Oregon (Pelton Round Butte); Series 2009 B, Tribal Economic Development Hydroelectric RB ^(f)	6.38%	11/01/33	535	591,951
				953,839
Pennsylvania 1.51%				
Delaware River Port Authority; Series 2010 D, RB	5.00%	01/01/35	1,450	1,605,078
Franklin (County of) Industrial Development Authority (Chambersburg Hospital);				
Series 2010, RB	5.38%	07/01/42	2,700	2,942,568
Pennsylvania (State of) Turnpike Commission;				
Subseries 2010 B-2, Sub. Conv. CAB RB ^(l)	5.75%	12/01/28	3,600	3,911,472
Subseries 2010 B-2, Sub. Conv. CAB RB ^(l)	6.00%	12/01/34	2,200	2,376,220
Subseries 2014 A-2, Sub. Conv. CAB RB ^(l)	5.13%	12/01/39	2,500	1,706,625
Philadelphia (City of) (1975 General Ordinance);				
Eighteenth Series 2004, Gas Works RB (INS-AGC) ^(b)	5.25%	08/01/20	1,000	1,003,930
Pittsburgh (City of) & Allegheny (County of) Sports & Exhibition Authority (Regional Asset District); Series 2010, Ref. Sales Tax RB (INS-AGM) ^(b)	5.00%	02/01/31	500	558,915
				14,104,808
Puerto Rico 0.32%				
Puerto Rico (Commonwealth of); Series 2014 A, Unlimited Tax GO Bonds	8.00%	07/01/35	3,600	3,035,304

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Rhode Island 0.91%

Rhode Island Economic Development Corp.; Series 2005 C, Ref. Airport RB (INS-NATL) ^(b)	5.00%	07/01/28	3,000	3,004,380
Tobacco Settlement Financing Corp.; Series 2015 B, Ref. RB	5.00%	06/01/50	5,385	5,508,424
				8,512,804

South Carolina 3.95%

Charleston Educational Excellence Finance Corp. (Charleston County School District); Series 2005, Installment Purchase RB ^{(c)(d)(e)}	5.25%	12/01/15	12,500	12,815,875
Series 2005, Installment Purchase RB ^{(c)(d)(e)}	5.25%	12/01/15	7,500	7,689,525
Dorchester County School District No. 2 (Growth); Series 2006, Installment Purchase RB ^{(d)(e)}	5.00%	12/01/16	4,000	4,269,200
Piedmont Municipal Power Agency; Series 2011 C, Ref. Electric RB (INS-AGC) ^(b)	5.75%	01/01/34	1,590	1,858,042
South Carolina (State of) Jobs-Economic Development Authority (AnMed Health); Series 2009 B, Ref. & Improvement Hospital RB (INS-AGC) ^(b)	5.38%	02/01/29	1,000	1,099,500
Series 2009 B, Ref. & Improvement Hospital RB (INS-AGC) ^(b)	5.50%	02/01/38	1,000	1,118,550
South Carolina (State of) Jobs-Economic Development Authority (Palmetto Health Alliance); Series 2013 A, Ref. Hospital RB	5.25%	08/01/30	2,000	2,250,580
South Carolina (State of) Jobs-Economic Development Authority (The Woodlands at Furman); Series 2012, Ref. RB	6.00%	11/15/32	517	526,988
Series 2012, Ref. RB	6.00%	11/15/47	113	110,929
Series 2012, Ref. Sub. CAB RB ^(h)	0.00%	11/15/47	221	22,019
Series 2012, Ref. Sub. CAB RB ^(h)	0.00%	11/15/47	76	7,593

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Invesco Municipal Opportunity Trust

	Interest Rate	Maturity Date	Principal Amount (000)	Value
South Carolina (continued)				
South Carolina (State of) Public Service Authority (Santee Cooper); Series 2010 B, Ref. RB ^(c)	5.00%	01/01/33	\$ 4,650	\$ 5,232,971
				37,001,772
South Dakota 0.12%				
South Dakota (State of) Health & Educational Facilities Authority (Vocational Education Program); Series 2008, RB ^{(d)(e)}	5.50%	08/01/18	1,000	1,134,980
Tennessee 1.09%				
Chattanooga (City of) Health, Educational & Housing Facility Board (Community Development Financial Institution Phase I LLC); Series 2005 A, Ref. Sr. RB	5.13%	10/01/35	1,750	1,756,038
Johnson City (City of) Health & Educational Facilities Board (Mountain States Health Alliance); Series 2006 A, First Mortgage Hospital RB	5.50%	07/01/36	2,650	2,767,845
Memphis Center City Revenue Finance Corp. (Pyramid & Pinch District Redevelopment); Series 2011 B, Sub. RB (INS-AGM) ^(b)	5.25%	11/01/30	525	609,215
Shelby (County of) Health, Educational & Housing Facilities Board (Methodist Healthcare);	5.25%	09/01/27	4,700	5,121,919

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Series 2004 B, Ref.
RB (INS-BHAC) ^{(b)(c)}

10,255,017

Texas 19.14%

Alliance Airport Authority, Inc. (Federal Express Corp.); Series 2006, Ref. Special Facilities RB ^(g)	4.85%	04/01/21	2,025	2,066,958
Arlington (City of); Series 2009, Special Tax RB	5.00%	08/15/28	1,000	1,097,120
Austin (City of); Series 2012, Ref. Water & Wastewater System RB	5.00%	11/15/42	2,400	2,681,304
Series 2013 A, Ref. Water & Wastewater System RB	5.00%	11/15/43	1,000	1,110,030
Bexar County Health Facilities Development Corp. (Army Retirement Residence); Series 2007, Ref. RB	5.00%	07/01/33	735	753,199
Series 2007, Ref. RB	5.00%	07/01/37	580	593,769
Dallas (City of) (Civic Center Convention Complex); Series 2009, Ref. & Improvement RB (INS-AGC) ^(b)	5.00%	08/15/18	1,650	1,820,395
Series 2009, Ref. & Improvement RB (INS-AGC) ^(b)	5.00%	08/15/19	2,925	3,282,376
Dallas (County of) Flood Control District No. 1; Series 2002, Ref. Unlimited Tax GO Bonds	6.75%	04/01/16	100	100,403
Dallas-Fort Worth (Cities of) International Airport; Series 2012 G, Ref. RB	5.00%	11/01/34	7,000	7,755,440
Series 2013 A, Joint Improvement RB ^(g)	5.00%	11/01/30	2,250	2,471,962
	5.00%	08/15/28	2,000	2,205,880

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El Paso (County of) Hospital District; Series 2008 A, Limited Tax GO Bonds (INS-AGC) ^(b) Series 2008 A, Limited Tax GO Bonds (INS-AGC) ^{(b)(c)}	5.00%	08/15/37	8,100	8,880,840		
Fort Bend (County of) Grand Parkway Toll Road Authority; Series 2012, Limited Contract Tax & Sub. Lien RB	5.00%	03/01/42	1,500	1,657,995		
Harris (County of) Metropolitan Transit Authority; Series 2011 A, Sales & Use Tax RB ^(c)	5.00%	11/01/36	1,695	1,913,180		
Harris (County of); Series 2009 A, Sr. Lien Toll Road RB ^(c)	5.00%	08/15/27	1,930	2,198,907		
Series 2009 A, Sr. Lien Toll Road RB ^(c)	5.00%	08/15/28	1,500	1,705,680		
Series 2009 A, Sr. Lien Toll Road RB ^(c)	5.00%	08/15/32	1,500	1,697,460		
Harris County Health Facilities Development Corp. (Memorial Hermann Healthcare System); Series 2008 B, Ref. RB ^{(d)(e)}	7.25%	12/01/18	1,050	1,266,353		
Harris County Industrial Development Corp. (Deer Park Refining Limited Partnership); Series 2006, Solid Waste Disposal RB	5.00%	02/01/23	1,650	1,818,085		
Houston (City of); Series 2002 A, Sub. Lien Airport System RB (INS-AGM) ^{(b)(g)}	5.13%	07/01/32				
Cash and cash equivalents			\$ 10,974	\$ (1,991)	\$ 31,330	—\$ 40,313
Accounts receivable, net			—	268,269	34,834	— 303,103
Unbilled costs and accrued profits			—	35,130	—	— 35,130

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Intercompany receivables	607,923	609,449	38,402	(1,255,774)	—
Inventories	—	265,915	48,554	(343)	314,126
Deferred income taxes	464	53,307	2,045	—	55,816
Prepaid expenses and other current assets	1,668	18,952	3,447	(82)	23,985
Total current assets	621,029	1,249,031	158,612	(1,256,199)	772,473
Property and equipment, net	1,663	148,883	29,130	—	179,676
Goodwill, net	—	935,340	42,399	—	977,739
Patents, licenses and trademarks, net	—	328,584	40,658	—	369,242
Other assets	11,546	6,765	670	—	18,981
Investment in subsidiaries	2,132,872	249,886	61,379	(2,444,137)	—
Total assets	\$ 2,767,110	\$ 2,918,489	\$ 332,848	\$ (3,700,336)	\$ 2,318,111
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Current portion of long-term debt	\$ 3,750	\$ 301	\$ 286	—	\$ 4,337
Short-term debt	341,924	—	1,703	—	343,627
Accounts payable	7,407	198,384	13,993	—	219,784
Accrued expenses and other current liabilities	26,444	217,703	41,434	—	285,581
Income taxes payable	2,283	8,104	3,431	—	13,818
Intercompany payables	1,099,716	13,494	142,564	(1,255,774)	—
Total current liabilities	1,481,524	437,986	203,411	(1,255,774)	867,147
Long-term debt, less current portion	417,382	1,815	253	—	419,450
Other long-term liabilities	10,238	47,424	365	—	58,027
Deferred income taxes	7,280	109,103	6,418	—	122,801
Total liabilities	1,916,424	596,328	210,447	(1,255,774)	1,467,425
Stockholders' equity:					
Preferred stock	—	1,450	—	(1,450)	—
Common stock	417	99,086	8,164	(107,250)	417
Additional paid-in capital	530,776	1,682,940	117,261	(1,800,201)	530,776
Retained earnings (accumulated deficit)	392,553	538,685	(3,024)	(535,661)	392,553
Accumulated other comprehensive loss	(743)	—	—	—	(743)
Treasury stock	(72,317)	—	—	—	(72,317)
	850,686	2,322,161	122,401	(2,444,562)	850,686

Total stockholders' equity					
Total liabilities and stockholders' equity	\$2,767,110	\$ 2,918,489	\$332,848	\$(3,700,336)	\$2,318,111

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ARMOR HOLDINGS, INC. AND SUBSIDIARIES
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Armor Holdings Inc. and Subsidiaries
Condensed Consolidating Statements of Operations

	Three Months Ended March 31, 2007				Consolidated Total
	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	
			(In thousands)		
Revenues:					
Aerospace & Defense	\$ —	\$ 758,982	\$ 36,035	\$ (12,009)	\$ 783,008
Products	—	75,085	4,710	—	79,795
Mobile Security	—	5,246	21,930	(790)	26,386
Total revenues	—	839,313	62,675	(12,799)	889,189
Costs and Expenses:					
Cost of revenues	—	687,086	49,002	(11,725)	724,363
Cost of vest exchange program/warranty revision	—	2,450	—	—	2,450
Selling, general and administrative expenses	33,881	41,495	8,267	—	83,643
Amortization	—	7,239	854	—	8,093
Integration	597	760	42	—	1,399
Operating (loss) income	(34,478)	100,283	4,510	(1,074)	69,241
Interest expense (income), net	11,656	(131)	36	—	11,561
Other (income) expense, net	(536)	(8)	190	—	(354)
Equity in earnings of subsidiaries	(65,845)	(2,779)	—	68,624	—
Related party interest expense (income), net	16	(17)	1	—	—
Income before (benefit) provision for income taxes	20,231	103,218	4,283	(69,698)	58,034
(Benefit) provision for income taxes	(15,808)	36,339	1,464	—	21,995
Net income	\$ 36,039	\$ 66,879	\$ 2,819	\$ (69,698)	\$ 36,039

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CONTINUEDArmor Holdings Inc. and Subsidiaries
Condensed Consolidating Statements of Operations

	Three Months Ended March 31, 2006				Consolidated Total
	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries (In thousands)	Eliminations	
Revenues:					
Aerospace & Defense	\$ —	\$ 339,995	\$ 7,023	\$ (1,915)	\$ 345,103
Products	—	71,581	5,255	—	76,836
Mobile Security	—	1,454	22,549	(502)	23,501
Total revenues	—	413,030	34,827	(2,417)	445,440
Costs and expenses:					
Cost of revenues	—	315,578	27,649	(2,417)	340,810
Selling, general and administrative expenses	5,614	26,854	3,674	—	36,142
Amortization	—	2,257	2	—	2,259
Integration	145	325	—	—	470
Operating (loss) income	(5,759)	68,016	3,502	—	65,759
Interest expense (income), net	594	(387)	52	—	259
Other (income) expense, net	(710)	50	(147)	—	(807)
Equity in earnings of subsidiaries	(45,912)	(1,440)	—	47,352	—
Related party fees (income)	16	(17)	1	—	—
Income before (benefit) provision for income taxes	40,253	69,810	3,596	(47,352)	66,307
(Benefit) provision for income taxes	(1,156)	24,690	1,364	—	24,898
Net income	\$ 41,409	\$ 45,120	\$ 2,232	\$ (47,352)	\$ 41,409

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Effect of exchange rate on cash and cash equivalents					
Net (decrease) increase in cash and cash equivalents	(757)	594	5,313	—	5,150
Cash and cash equivalents, beginning of period	10,974	(1,991)	31,330	—	40,313
Cash and cash equivalents, end of period	\$ 10,217	\$ (1,397)	\$36,643	\$ —	\$ 45,463

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ARMOR HOLDINGS, INC. AND SUBSIDIARIES
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Armor Holdings, Inc. and Subsidiaries
 Condensed Consolidating Statements of Cash Flow

	Three Months Ended March 31, 2006				Consolidated Total
	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	
			(In thousands)		
Cash flow from operating activities:					
Net income	\$ 41,409	\$ 45,120	\$ 2,232	\$(47,352)	\$ 41,409
Adjustments to reconcile net income to cash provided by operating activities:					
Depreciation and amortization	650	4,374	619	—	5,643
Loss on disposal of fixed assets	—	77	47	—	124
Deferred income taxes	2,550	1,447	47	—	4,044
Fair value adjustment for put options	(710)	—	—	—	(710)
Non-Cash SERP expense	725	—	—	—	725
Windfall tax benefit of stock options	(312)	—	—	—	(312)
Equity in earnings of subsidiaries	(45,912)	(1,440)	—	47,352	—
Changes in operating assets and liabilities:					
(Increase) decrease in accounts receivable	—	(2,762)	2,368	—	(394)
Decrease (increase) in intercompany receivables and payables	25,371	(25,811)	440	—	—
Increase in inventories	—	(20,916)	(1,220)	—	(22,136)
(Increase) decrease in prepaid expenses and other assets	(2,187)	(2,787)	248	—	(4,726)
(Decrease) increase in accounts payable, accrued					
Expenses and other current liabilities	(3,528)	11,514	(2,709)	—	5,277
Increase (decrease) in income taxes payable	301	(6)	(945)	—	(650)

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Net cash provided by operating activities	18,357	8,810	1,127	—	28,294
Cash flow from investing activities:					
Purchase of property and equipment	(157)	(7,905)	(1,137)	—	(9,199)
Purchase of patents and trademarks	—	(79)	(6)	—	(85)
Purchases of short-term investment securities	(489,000)	—	—	—	(489,000)
Proceeds from sales of short-term investment securities	97,500	—	—	—	97,500
Collection of note receivable	—	252	—	—	252
Costs related to pending acquisitions	(2,849)	—	—	—	(2,849)
Additional consideration for purchased businesses	—	(85)	—	—	(85)
Net cash used in investing activities	(394,506)	(7,817)	(1,143)	—	(403,466)
Cash flow from financing activities:					
Proceeds from exercise of stock options	724	—	—	—	724
Taxes paid for withheld shares on restricted stock issuances	(430)	—	—	—	(430)
Windfall tax benefit of stock options	312	—	—	—	312
Repayments of long-term debt	—	(170)	(38)	—	(208)
Borrowings under lines of credit	—	—	840	—	840
Repayments under lines of credit	—	—	(1,362)	—	(1,362)
Net cash provided by (used in) financing activities	606	(170)	(560)	—	(124)
Effect of exchange rate on cash and cash equivalents	—	—	875	—	875
Net (decrease) increase in cash and cash equivalents	(375,543)	823	299	—	(374,421)
Cash and cash equivalents, beginning of period	423,961	23,879	24,001	—	471,841
Cash and cash equivalents, end of period	\$ 48,418	\$ 24,702	\$24,300	\$ —	\$ 97,420

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ARMOR HOLDINGS, INC. AND SUBSIDIARIES
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NOTE 13 — VEST EXCHANGE PROGRAM/WARRANTY REVISION

As a result of our voluntary Zylon® Vest Exchange Program relating to our Zylon®-vests, we recorded a pre-tax charge of \$2.45 million in the quarter ended March 31, 2007. The \$2.45 million charge incurred in 2007 resulted from revised assumptions, including higher redemption rates on our Zylon® vest replacement program that ended December 31, 2006. We did not record a Zylon related charge in the quarter ended March 31, 2006. We have a remaining liability of \$1.73 million at March 31, 2007. This liability has been classified in accrued expenses and other current liabilities on the condensed consolidated balance sheet.

NOTE 14 — PUT OPTION TRANSACTIONS

We account for put option transactions on Company stock in accordance with Statement of Financial Accounting Standards No. 150, “Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity,” (“SFAS 150”). SFAS 150 requires put options to be measured at fair value and recognized on the balance sheet as liabilities.

During the year ended December 31, 2005, we sold put options on Company stock in various private transactions covering 3.5 million shares of Company stock for \$7 million in premiums. In February 2006, outstanding put options covering 1 million shares expired unexercised. Accordingly, we recognized \$710,000 in other income, net, in the three months ended March 31, 2006. The fair values of the put options of Company stock are obtained from our counter-parties and represent the estimated amount we would have received or paid to terminate the put options, taking into account the consideration we received for the sale of the put options. We had no put options on Company stock remaining as of March 31, 2007.

NOTE 15 — INTEREST EXPENSE, NET

Interest expense, net is comprised of the following:

	Three Months Ended	
	March 31, 2007	March 31, 2006
	(In thousands)	
Interest expense	\$ 11,869	\$ 5,531
Interest income	(308)	(5,272)
Interest expense, net	\$ 11,561	\$ 259

NOTE 16 — STOCK BASED COMPENSATION

A summary of the status of stock option grants outstanding as of March 31, 2007, and changes during the three months ended March 31, 2007 is presented below:

	Options	Weighted Average Exercise Price
Outstanding at December 31, 2006	3,667,260	\$ 32.92
Granted	2,000	\$ 54.85
Exercised	(3,151)	\$ 21.00
Forfeited	(19,800)	\$ 42.65
Outstanding at March 31, 2007	3,646,309	\$ 32.89
Options exercisable at March 31, 2007	3,433,442	\$ 32.12

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ARMOR HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (UNAUDITED)
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The aggregate intrinsic value of options outstanding and options exercisable at March 31, 2007 is \$126 million and \$121 million, respectively.

Other contingent shares. Due to the anti-dilutive nature of some of the Company's stock options, for the three months ended March 31, 2007, 13,742 securities have been excluded from the calculation of the weighted average shares for diluted earnings per share. Certain of our executives are entitled to receive stock bonus awards of 53,500 shares of our common stock based on the performance of our Company's common stock in 2007. In addition, certain of our executives are entitled to receive performance stock bonus awards of 450,000 shares of our common stock if at any time between January 1, 2005 and December 31, 2007, certain conditions are met as defined in their employment agreements. At the Compensation Committee of the Board of Director's discretion, we are able to settle these performance stock bonus awards in cash.

NOTE 17 — IMPLEMENTATION OF FIN 48

We adopted FIN 48 on January 1, 2007. FIN 48 is an interpretation of FASB Statement No. 109, "Accounting for Income Taxes," and it seeks to reduce the diversity in practice associated with certain aspects of measurement and recognition in accounting for income taxes. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position that an entity takes or expects to take in a tax return. Additionally, FIN 48 provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. Under FIN 48 an entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold.

As a result of the implementation of FIN 48, we recorded an immaterial adjustment to the opening balance of retained earnings. The amount of unrecognized tax benefits at January 1, 2007 was \$41 million, of which \$27 million will reduce the Company's effective tax rate if recognized.

Included in the balance of unrecognized tax benefits at January 1, 2007, is \$9 million related to tax positions for which it is reasonably possible that the total amounts could significantly change during the next twelve months. This amount represents a decrease in unrecognized tax benefits comprised of items related to anticipated settlements with tax authorities and expiring statute of limitations.

As of March 31, 2007, there have been no material changes to the liability for uncertain tax positions. The liability for uncertain tax positions is carried in Other Long-Term Liabilities in the condensed consolidated balance sheet as of March 31, 2007.

The Company's continuing practice is to recognize interest related to income tax matters as a component of Provision for Income Taxes in the consolidated statement of operations. Accrued interest as of January 1, 2007, and March 31, 2007 was \$4 million and \$5 million, respectively.

The Company files income tax returns in the U.S. federal jurisdiction, and various state, local, and foreign jurisdictions. The Internal Revenue Service (IRS) is currently examining the Company's U.S. income tax returns for 2003 – 2004. The Company reasonably anticipates that the IRS examination will be completed during the next 12 months. Generally, our state, local and foreign jurisdiction income tax returns for 2002 – 2006 remain subject to examination by various tax authorities, depending on the specific tax jurisdiction.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONSITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS

The following is a discussion of the results of operations and analysis of financial condition for the three months ended March 31, 2007. The following discussion may be understood more fully by reference to the consolidated financial statements, notes to the consolidated financial statements, and management's discussion and analysis contained in our Annual Report on Form 10-K, as amended, for the year ended December 31, 2006, as filed with the Securities and Exchange Commission.

CONSOLIDATED RESULTS OF OPERATIONS

Total revenues. Total revenues increased \$444 million, or 100%, to \$889 million in the three months ended March 31, 2007, compared to \$445 million in the three months ended March 31, 2006. For the three months ended March 31, 2007, total revenue increased 54% internally, including period-over-period changes in acquired businesses and increased 0.5% due to foreign currency movements. Internal revenue growth represents period-over-period increases or decreases in acquired companies' current year revenues since the date of acquisition (or up to the anniversary date in the year subsequent to acquisition) versus the comparable prior year period from businesses that were either owned or acquired by us during the periods presented. Our calculation of internal revenue growth takes into consideration pro-forma revenue for relevant periods of acquired entities in determining period-over-period growth.

Aerospace & Defense revenues. Aerospace & Defense revenues increased \$438 million, or 127%, to \$783 million for the quarter ended March 31, 2007, compared to \$345 million for the quarter ended March 31, 2006. Aerospace & Defense revenues increased 68% internally, or \$234 million, including period-over-period changes in acquired businesses and increased \$204 million, or 59%, from 2006 acquisitions, most notably Stewart & Stevenson in May 2006. Internal growth was primarily due to the following factors:

- (1) We experienced strong demand in a number of programs including the M1151 Up-Armored HMMWV business; supplemental armor components supporting other vehicle types; spare parts for the military tactical truck fleet; and delivery of over 6,000 Frag 5 door sets for deployment to the war zone.
- (2) During the quarter ended March 31, 2007, we shipped 1,725 FMTV trucks. This compares with 933 FMTV trucks shipped by Stewart & Stevenson in the same period last year as we continue to increase production to meet customer demand.
- (3) Individual equipment sales (i.e. body armor plates, OTV, combat helmets, and load carrying equipment, or MOLLE) continued to grow as a result of increasing requirements by the U.S. military.

Products revenues. Products revenues increased \$3 million, or 4%, to \$80 million for the quarter ended March 31, 2007, compared to \$77 million for the quarter ended March 31, 2006. Revenue increased 2% internally, including period-over-period changes in acquired businesses and increased 2%, from the 2006 acquisitions of

Projectina and Hiatts. Internal growth was primarily driven by strong domestic sales of law enforcement soft body armor resulting primarily from our investment in an expanded sales force. This overall growth was offset in part by declining international sales of soft body armor.

Mobile Security revenues. Mobile Security revenues increased \$3 million, or 12%, to \$26 million for the quarter ended March 31, 2007, compared to \$24 million for the quarter ended March 31, 2006. Commercial vehicle shipments increased 14%, to 360 vehicles for the quarter ended March 31, 2007, compared to 317 vehicles for the quarter ended March 31, 2006. Mobile Security's internal revenue increase was primarily the result of increased availability of key base unit chassis for the new Suburban and the S-Class Mercedes.

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ARMOR HOLDINGS, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS — CONTINUED

Gross margins. Margins increased \$60 million, or 58%, to \$165 million for the quarter ended March 31, 2007, compared to \$105 million for the quarter ended March 31, 2006. As a percentage of total revenues, margins decreased to 18.5% of total revenues for the quarter ended March 31, 2007, from 23.5% for the quarter ended March 31, 2006.

Gross margins in Aerospace & Defense were 16.4% for the quarter ended March 31, 2007, compared to 20.1% for the quarter ended March 31, 2006. This reduction was primarily due to the 2006 acquisition of Stewart & Stevenson, which operates at lower gross margins. The acquisition of Stewart & Stevenson reduced gross margins for the quarter ended March 31, 2007 by 4.7%.

Gross margins in Products were 39.9% for the quarter ended March 31, 2007, compared to 39.0% for the quarter ended March 31, 2006. Gross margin improvement reflects select selling price increases, continued expansion of lean manufacturing initiatives, increased utilization of our lower-cost manufacturing plants, and improved outsourcing of externally manufactured products.

Gross margins in Mobile Security were 16.2% in the quarter ended March 31, 2007, compared to 22.8% for the quarter ended March 31, 2006. The decrease in margins was primarily due to a less profitable sales mix.

Costs of exchange program/warranty revision. As a result of our voluntary Zylon® Vest Exchange Program relating to our Zylon®-vests, we recorded a pre-tax charge of \$2.5 million for the quarter ended March 31, 2007. The \$2.5 million charge incurred in 2007 resulted from revised assumptions, including higher redemption rates on our Zylon® vest replacement program that ended December 31, 2006. We did not record a Zylon related charge in the quarter ended March 31, 2006.

Selling, general and administrative expenses. Selling, general and administrative expenses increased \$48 million, or 131%, to \$84 million (9.4% of total revenues) for the quarter ended March 31, 2007, compared to \$36 million (8.1% of total revenues) for the quarter ended March 31, 2006. The increase was primarily due to a long term performance based compensation charge for the Company's CEO and its President of \$23 million, the acquisition of Stewart & Stevenson resulting in an increase of \$9 million; increased selling and marketing expenses; increased research and development expense; and increased professional related expenses.

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Aerospace & Defense selling, general and administrative expenses increased \$16 million, or 175%, to \$25 million (3.2% of Aerospace & Defense revenues) for the quarter ended March 31, 2007, compared to \$9 million (2.7% of Aerospace & Defense revenues) for the quarter ended March 31, 2006. The increase in selling, general and administrative expenses was primarily due to the acquisitions of Stewart and Stevenson and Schroth, increased research and development expense, increased professional related expenses, and other administrative expenses as a result of the increased size of the business.

Products selling, general and administrative expenses increased \$4 million, or 23%, to \$21 million (26% of Products revenues) for the quarter ended March 31, 2007, compared to \$17 million (22% of Products revenues) for the quarter ended March 31, 2006. This increase reflects the impact of acquisitions, increased research and development expenses, increased marketing expenses to support our new brand strategy launched during the fourth quarter of 2006 and other legal related expenses.

Mobile Security selling, general and administrative expenses decreased \$0.6 million to \$3.9 million (15% of Mobile Security revenues) for the quarter ended March 31, 2007, compared to \$4.5 million (19% of Mobile Security revenues) for the quarter ended March 31, 2006. The decrease in selling, general and administrative expenses was due primarily to increased revenue and a decrease in spending related to global marketing programs launched with the 2006 introduction of the Centigon brand.

Corporate general and administrative expenses increased \$28 million to \$34 million (3.8% of total revenues) for the quarter ended March 31, 2007, compared to \$6 million (1.3% of total revenues) for

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ARMOR HOLDINGS, INC. AND SUBSIDIARIES MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — CONTINUED

the quarter ended March 31, 2006. This increase in general and administrative expenses was primarily associated with increased compensation related charges, including the long term performance based compensation charge, higher professional fees, and other administrative expenses associated with the increased size and complexity of our business.

Amortization. Amortization expense increased \$6 million, to \$8 million for the quarter ended March 31, 2007, compared to \$2 million for the quarter ended March 31, 2006, primarily due to the acquisition of Stewart and Stevenson in 2006. Amortization expense is related to patents and trademarks with finite lives, and acquired amortizable intangible assets that meet the criteria for recognition as an asset apart from goodwill under SFAS 141.

Integration. Integration expense increased \$0.9 million, to \$1.4 million for the quarter ended March 31, 2007, compared to \$0.5 million for the quarter ended March 31, 2006. This increase related to the integration of Stewart & Stevenson and costs related to accounting, legal, and other due diligence costs associated with mergers and acquisitions that were not consummated.

Operating income. Operating income increased \$3 million, or 5%, to \$69 million for the quarter ended March 31, 2007, compared to \$66 million in the quarter ended March 31, 2006, due to the factors discussed above.

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Interest expense, net. Interest expense, net increased \$11 million, or 4,364%, to \$12 million for the quarter ended March 31, 2007, compared to \$0.3 million for the quarter ended March 31, 2006. This increase was primarily due to the use of the majority of our investment balances to acquire Stewart & Stevenson thus reducing related interest income and adding additional borrowings under our new Credit Facility for the acquisition.

Other income, net. Other income decreased \$0.5 million, or 56%, to \$0.4 million for the quarter ended March 31, 2007, compared to \$0.8 million for the quarter ended March 31, 2006. The decrease relates primarily to the favorable expiration of unexercised put option contracts on the Company during the quarter ended March 31, 2006.

Provision for income taxes. Income tax expense was \$22 million for the quarter ended March 31, 2007, compared to \$25 million for the quarter ended March 31, 2006. The effective tax rate was 37.9% for the quarter ended March 31, 2007, compared to 37.5% for the quarter ended March 31, 2006. The increased tax rate relates primarily to the increase in non-deductible accruals in the quarter ended March 31, 2007, compared to the non-taxable benefit of the fair value gain on put options in the quarter ended March 31, 2006. The increase in non-deductible accruals was partially offset by an increase in the U.S. manufacturing deduction in the quarter ended March 31, 2007.

Net income. Net income decreased \$5 million, or 13%, to \$36 million in the quarter ended March 31, 2007, compared to \$41 million in the quarter ended in March 31, 2006, due to the factors discussed above.

CAPITAL RESOURCES

Total debt was \$896 million at March 31, 2007 and \$767 million at December 31, 2006. Our debt is primarily made up of \$342 million of 2.00% Senior Subordinated Convertible Notes (“2% Convertible Notes”), \$400 million under our credit facility, discussed in detail below, and \$148 million of 8.25% Senior Subordinated Notes (“8.25% Notes”) at March 31, 2007. Cash and cash equivalents at March 31, 2007 and December 31, 2006 were \$45 million and \$40 million, respectively.

On May 25, 2006, we entered into a new senior secured credit facility (the “Credit Facility”). The Credit Facility establishes a commitment to the Company to provide up to \$825 million in the aggregate of loans and other financial accommodations consisting of (i) a five year senior secured revolving credit facility in an aggregate principal amount of up to \$425 million (the “Revolving

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ARMOR HOLDINGS, INC. AND SUBSIDIARIES MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — CONTINUED

Facility”), (ii) a five year senior secured term loan in an aggregate principal amount of \$100 million (the “Term Loan”), and (iii) a thirty day senior secured interim term loan in aggregate principal amount of \$300 million (the “Interim Term Loan”). The Revolving Facility, Term Loan and Interim Term Loan make up the “Senior Secured Facilities”. The Interim Term Loan was paid in full in 2006. The Revolving Facility includes a sublimit of up to an aggregate amount of \$75 million in letters of credit and a sublimit of up to an aggregate of \$20 million in swing line loans. As of March 31, 2007, we had \$125 million in availability under our credit facility excluding \$20 million in outstanding letters of credit.

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We had no outstanding put options on Company stock remaining as of March 31, 2007 and 2006. We recognized \$710,000 in other income, in the quarter ended March 31, 2006, relating to the expiration of unexercised put options.

We entered into interest rate swap agreements that correspond to our 8.25% Notes in order to effectively hedge interest rate risk. The \$150 million notional value of the interest rate swaps that are outstanding at March 31, 2007, effectively converted our fixed-rate 8.25% Notes to variable-rate debt based on LIBOR.

As of March 31, 2007, we were in compliance with all of our negative and affirmative covenants contained in the Credit Facility and the indentures governing the 8.25% and the 2% Convertible Notes.

We anticipate that the cash on hand, cash generated from operations, and available borrowings under the Credit Facility will enable us to meet liquidity, working capital and capital expenditure requirements during the next 12 months. We may, however, require additional financing to pursue our strategy of growth through acquisitions and we are continuously exploring alternatives. If such financing is required, there are no assurances that it will be available, or if available, that it can be obtained on terms favorable to us or on a basis that is not dilutive to our stockholders.

LIQUIDITY AND CASH FLOWS

Working capital was \$116 million and negative \$(95) million as of March 31, 2007, and December 31, 2006, respectively. The increase in working capital is a function of the reduction of the performance based payment liability at Stewart & Stevenson.

Cash Flow Summary

	Three Months Ended	
	March 31, 2007	March 31, 2006
	(In thousands)	
Net income	\$ 36,039	\$ 41,409
Non-cash items	17,885	9,514
Changes in working capital	(161,439)	(22,629)
Net cash (used in) provided by operating activities	(107,515)	28,294
Net cash used in investing activities	(10,417)	(403,466)
Net cash provided by (used in) financing activities	122,039	(124)
Effect of exchange rate changes on cash and cash equivalents	1,043	875
Net increase (decrease) in cash and cash equivalents	5,150	(374,421)
Cash and cash equivalents, beginning of period	40,313	471,841
Cash and cash equivalents, end of period	\$ 45,463	\$ 97,420

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ARMOR HOLDINGS, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS — CONTINUED

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Operating Activities — Net cash (used in)/provided by operating activities for the first quarter was (\$108) million versus \$28 million in cash flow provided by operating activities in the year-ago quarter. The decrease in operating cash flow was primarily due to a change in the U.S. Government's advance payments process under the FMTV contract, temporarily reducing the quantity of trucks eligible for advance payments.

Investing Activities — Net cash used in investing activities decreased primarily due to our purchases of short-term investment securities in anticipation of our acquisition of Stewart & Stevenson during the three months ended March 31, 2006.

Financing Activities — Net cash provided by/(used in) financing activities increased primarily due to increased borrowings under the Credit Facility. During the three months ended March 31, 2007 and 2006, we borrowed, net \$127 million and repaid, net \$522,000, respectively, on our revolving lines of credit.

CRITICAL ACCOUNTING POLICIES

There have been no material changes to our critical accounting policies and estimates from the information provided in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations", included in our annual report on Form 10-K, as amended, for the fiscal year ended December 31, 2006, except for the treatment of tax contingency accruals.

Effective January 1, 2007, the Company began to measure and record tax contingency accruals in accordance with Financial Accounting Standards Board (FASB) Interpretation No. (FIN) 48, "Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109" ("FIN 48"). The expanded disclosure requirements of FIN 48 are presented in Note 17 to the condensed consolidated financial statements in Part I, Item 1.

FIN 48 prescribes a threshold for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Only tax positions meeting the more-likely-than-not recognition threshold at the effective date may be recognized or continue to be recognized upon adoption of this Interpretation. FIN 48 also provides guidance on accounting for derecognition, interest and penalties, and classification and disclosure of matters related to uncertainty in income taxes. As in the past, changes in accruals associated with uncertainties arising from pre-acquisition years for acquired businesses are charged or credited to goodwill. Adjustments to other tax accruals are generally recorded in earnings in the period they are determined.

Prior to January 1, 2007, the Company recorded accruals for tax contingencies and related interest when it was probable that a liability had been incurred and the amount of the contingency could be reasonably estimated based on specific events such as an audit or inquiry by a taxing authority.

RECENT ACCOUNTING PRONOUNCEMENTS

The disclosure requirements and cumulative effect of adoption of FIN 48 are presented in Note 17 to the condensed consolidated financial statements in Part I, Item 1.

In September 2006, the FASB issued Statement of Financial Accounting Standards (SFAS) 157, "Fair Value Measurements," ("SFAS 157"). SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. SFAS 157 is effective for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. The Company is currently evaluating the effect of the adoption of SFAS 157 will have on its consolidated financial statements.

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities — Including an Amendment of FASB

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MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS — CONTINUED

Statement No. 115,” (“SFAS 159”). SFAS 159 allows a company to irrevocably elect fair value as the initial and subsequent measurement attribute for certain financial assets and financial liabilities on a contract-by-contract basis, with changes in fair value recognized in earnings. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007 and will be applied prospectively. The Company is currently evaluating the effect of the adoption of SFAS 159 will have on its consolidated financial statements.

FORWARD LOOKING AND CAUTIONARY STATEMENTS

Except for the historical information and discussions contained herein, statements contained in this Quarterly Report on Form 10-Q may constitute “forward looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially, including, but not limited to, our failure to continue to develop and market new and innovative products and services and to keep pace with technological changes; competitive pressures; failure to obtain or protect intellectual property rights; the ultimate effect of various domestic and foreign political and economic issues on our business, financial condition or results of operations; quarterly fluctuations in revenues and volatility of stock prices; contract delays; cost overruns; our ability to attract and retain key personnel; currency and customer financing risks; dependence on certain suppliers, customers and availability of raw materials; changes in the financial or business condition of our distributors or resellers; our ability to successfully identify, negotiate and conclude acquisitions, alliances and other business combinations, and integrate past and future business combinations; regulatory, legal, political and economic changes; an adverse determination in connection with the Zylon® investigation being conducted by the U.S. Department of Justice and certain state agencies and/or other Zylon®-related litigation; and other risks, uncertainties and factors inherent in our business and otherwise discussed elsewhere in this Quarterly Report on Form 10-Q and in our other filings with the Securities and Exchange Commission or in materials incorporated therein by reference.

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QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a result of our global operating and financial activities, we are exposed to changes in raw material prices, interest rates, foreign currency exchange rates and our stock price, which may adversely affect our results of operations and

financial position. In seeking to minimize the risks and/or costs associated with such activities, we manage exposure to changes in raw material prices, interest rates, and foreign currency exchange rates through our regular operating and financing activities. In addition, we have entered into interest rate swap agreements to reduce our overall interest expense.

MARKET RATE RISK

The following discussion about our market rate risk involves forward-looking statements. Actual results could differ materially from those projected in the forward-looking statements. We are exposed to market risk related to changes in interest rates, foreign currency exchange rates, and equity security price risk as a result of the sale of put options on our Company stock.

Interest Rate Risk. Our exposure to market rate risk for changes in interest rates relates primarily to borrowings under our \$150 million 8.25% Notes, borrowings under our credit facilities and our short-term monetary investments. To the extent that, from time to time, we hold short-term money market instruments, there is a market rate risk for changes in interest rates on such instruments. To that extent, there is inherent rollover risk in the short-term money market instruments as they mature and are renewed at current market rates. The extent of this risk is not quantifiable or predictable, because of the variability of future interest rates and business financing requirements. However, there is only a remote risk of loss of principal in the short-term money market instruments. The main risk is related to a potential reduction in future interest income.

On September 2, 2003, we entered into interest rate swap agreements in which we effectively exchanged the \$150 million fixed rate 8.25% interest on the 8.25% Notes for variable rates in the notional amount of \$80 million, \$50 million, and \$20 million at six-month LIBOR, set in arrears, plus 2.75%, 2.75%, and 2.735%, respectively. The agreements involve receipt of fixed rate amounts in exchange for floating rate interest payments over the life of the agreement without an exchange of the underlying principal amount. The variable interest rates are fixed semi-annually on the fifteenth day of February and August each year through maturity. The six-month LIBOR rate was 5.35% on April 27, 2007. The maturity dates of the interest rate swap agreements match those of the underlying debt. Our objective for entering into these interest rate swaps was to reduce our exposure to changes in the fair value of senior subordinated notes and to obtain variable rate financing at an attractive cost. Changes in the six-month LIBOR would affect our earnings either positively or negatively. An assumed 100 basis point increase in the six-month LIBOR would increase our interest obligations under the interest rate swaps and Senior Credit facility by approximately \$2 million and \$3 million, respectively, for a twelve month period.

In accordance with SFAS 133, we designated the interest rate swap agreements as perfectly effective fair value hedges and, accordingly, use the short-cut method of evaluating effectiveness. As permitted by the short-cut method, the change in fair value of the interest rate swaps will be reflected in earnings and an equivalent amount will be reflected as a change in the carrying value of the swaps, with an offset to earnings. There is no ineffectiveness to be recorded. At December 31, 2006, there was a \$283,000 hedge asset included in other assets, which, as a result of the change in fair value, is a \$1 million hedge asset at March 31, 2007.

We are exposed to credit-related losses in the event of nonperformance by counterparties to these financial instruments. However, counterparties to these agreements are major financial institutions and the risk of loss due to nonperformance is considered by management to be minimal. We do not hold or issue interest rate swap agreements or other derivative instruments for trading purposes.

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ARMOR HOLDINGS, INC. AND SUBSIDIARIES

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK — CONTINUED

Foreign Currency Exchange Rate Risk. The majority of our business is denominated in U.S. dollars. There are costs associated with our operations in foreign countries that require payments in the local currency. Where appropriate and to partially manage our foreign currency risk related to those payments, we receive payment from customers in local currencies in amounts sufficient to meet our local currency obligations. We do not use derivatives or other financial instruments to hedge foreign currency risk.

RISKS ASSOCIATED WITH INTERNATIONAL OPERATIONS

We do business in numerous countries, including emerging markets in South America. We have invested resources outside of the United States and plan to continue to do so in the future. Our international operations are subject to the risk of new and different legal and regulatory requirements in local jurisdictions, tariffs and trade barriers, potential difficulties in staffing and managing local operations, potential imposition of restrictions on investments, potentially adverse tax consequences, including imposition or increase of withholding and other taxes on remittances and other payments by subsidiaries, and local economic, political and social conditions. Governments of many developing countries have exercised and continue to exercise substantial influence over many aspects of the private sector. Government actions in the future could have a significant adverse effect on economic conditions in a developing country or may otherwise have a material adverse effect on us and our operating companies. We do not have political risk insurance in the countries in which we currently conduct business, but periodically analyze the need for and cost associated with this type of policy. Moreover, applicable agreements relating to our interests in our operating companies are frequently governed by foreign law. As a result, in the event of a dispute, it may be difficult for us to enforce our rights. Accordingly, we may have little or no recourse upon the occurrence of any of these developments.

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ARMOR HOLDINGS, INC. AND SUBSIDIARIES

ITEM 4. CONTROLS AND PROCEDURES

Our management performed an evaluation, as of the end of the period covered by this report on Form 10-Q, under the supervision of our principal executive officer and principal financial officer of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in rule 13a-15(e) and 15d-15(e) of the Securities and Exchange Act of 1934, as amended (the “Exchange Act”). Based on that evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures are effective.

There were no changes in our internal control over financial reporting during the period covered by this report that have materially affected, or are reasonably likely to materially affect our internal control over financial reporting.

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ARMOR HOLDINGS, INC. AND SUBSIDIARIES

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Zylon® Matters

In connection with the Florida court-approved settlements in 2004 and 2005 of class action lawsuits filed by police organizations and individual police officers regarding the warranty performance of ballistic-resistant soft body armor (vests) containing Zylon®, and the Third Status Report to the Attorney General on Body Armor Safety Initiative Testing and Activities issued by the United States Department of Justice, National Institute of Justice (“NIJ”) in August 2005, which substantially modified compliance standards for all ballistic-resistant vests, the Company halted all sales or shipment of any Zylon®-containing vest models effective August 25, 2005, and established a Zylon® Vest Exchange (“ZVE”) Program to provide a cash or voucher option to those who purchased any Zylon®-containing vests from us through August 29, 2005. Vest exchanges under the ZVE program are continuing, and Note 13 to our condensed consolidated financial statements included elsewhere in this report sets forth information regarding the estimated cost and remaining accrual of the ZVE program.

We are also voluntarily cooperating with a request for documents and data received from the Department of Justice, which is reviewing the body armor industry’s use of Zylon®, and a subpoena served by the General Services Administration for information relating to Zylon®. On March 27, 2006, we entered into a tolling agreement with the Department of Justice to toll the statute of limitations until September 30, 2006, with regard to possible civil claims the United States could assert against the Company with respect to certain body armor products made by us which contain Zylon®. On September 26, 2006, we entered into an amendment to this tolling agreement with the Department of Justice that extends the period of the tolling agreement through January 31, 2007. On January 29, 2007, we entered into a second amendment to this tolling agreement with the DOJ that extends the period of the tolling agreement through July 31, 2007.

Administrative Actions

In August 2006, January 2007, and March 2007, the U.S. Defense Contract Audit Agency (“DCAA”) conducted five post-award pricing audits in connection with certain Heavy Truck Vehicle kits delivered by our Aerospace & Defense Group’s subsidiary located in Phoenix, Arizona. Based on DCAA’s preliminary audit findings, the U.S. Government may seek contract price reductions of approximately \$9 million. We expect additional DCAA audits in 2007 regarding this Heavy Truck Vehicle kit program. We believe that most of DCAA’s preliminary audit findings are without merit and intend to vigorously defend any resulting claims, and have established a reserve that we believe to be adequate.

In December 2006, we were notified by the U.S. Department of Commerce, Bureau of Industry and Security (“BIS”), of potential claims relating to certain exports made by our Products Group between 2002 and 2004 that lacked the appropriate licenses and associated documentation. Discussions with BIS are continuing and are expected to result in a settlement of these claims, which we do not believe will have a material impact on our financial position, operations, and liquidity.

In February 2007, Simula, Inc. entered into an Order of Abatement by Consent (“Consent Order”) with the Maricopa County Air Quality Department (“MCAQD”). The Consent Order states that the MCAQD has reason to believe that Simula is operating in violation of Maricopa County Air Pollution Control Regulations. Pursuant to the Consent

Order, MCAQD agreed to not seek closure of a Simula facility located in Phoenix, Arizona (the ‘‘Facility’’) and accepted Simula’s updated air permit application and compliance plan with respect to the Facility.

Products Group International Sales Investigation

In January 2007, Armor Holdings Products Group (‘‘AHPG’’) received a written request for information from the Office of Internal Oversight Services (‘‘OIOS’’) of the United Nations (‘‘UN’’)

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ARMOR HOLDINGS, INC. AND SUBSIDIARIES

ITEM 1. LEGAL PROCEEDINGS — CONTINUED

regarding IHC Services, Inc. (‘‘IHC’’), a UN-approved vendor-intermediary. Armor Products International, Ltd. (‘‘API’’), a Company subsidiary located in the United Kingdom, had engaged IHC in 2003 to assist API in the preparation of a bid proposal for the supply of body armor to UN personnel and peacekeeping forces. API was awarded the resulting contract in August 2003 (the ‘‘UN Contract’’), which currently runs through July 2007. API also worked with IHC in connection with various other UN purchases.

According to published press reports, a UN investigation has revealed that IHC had close ties to a former UN procurement official who has pled guilty to various federal offenses involving misconduct while in his position at the UN. In 2005, IHC was suspended by the UN. In 2006, when advised about the UN’s suspension of IHC, API terminated its business relationship with IHC. The Company has provided the UN’s OIOS with documents and information concerning the UN Contract and continues to cooperate in the UN’s investigation into IHC.

In February 2007, the Company began an internal investigation into the conduct of several AHPG employees, agents, and distributors relating to international sales. This investigation primarily concerned alleged improper payments received by such persons from various vendors, agents, distributors, and customers of AHPG and related accounting issues at API. As a result of the Company’s investigation, certain employees, agents, and distributors have been terminated or have resigned. The Company is in the process of implementing appropriate corrective actions and does not believe any material adjustments to previously issued financial statements are required.

In response to information developed in responding to the UN inquiry and in the Company’s internal investigation, the Company’s Board of Directors has established a Special Committee of independent directors to oversee an investigation into the circumstances surrounding the UN contract and the Company’s compliance with U.S. and foreign laws relating to sales to foreign governments and international organizations, including without limitation the U.S. Foreign Corrupt Practices Act. The Special Committee has engaged counsel to conduct this investigation and to provide advice to the Special Committee and the Board on these matters.

Counsel for the Special Committee has met with representatives of the U.S. Department of Justice (‘‘DOJ’’) and the U.S. Securities and Exchange Commission (‘‘SEC’’) and disclosed the circumstances leading to the formation of the Special Committee. The Company continues to cooperate with the DOJ and the SEC regarding these matters.

Brazil Tax Dispute

Between 2001 and 2005, O’Gara-Hess & Eisenhardt Armoring do Brasil Ltda. (“OHE Brazil”) has been assessed 52 Million Reals (US \$26 million based on the exchange rate as of April 30, 2007), including interest and penalties, by the Brazilian tax authorities. OHE Brazil has appealed the tax assessments and the cases are pending. To the extent that there may be any liability resulting from such tax assessments, we believe that we are entitled to indemnification from Kroll, Inc. for up to US \$8 million under the terms of our purchase agreement dated April 20, 2001, because the events in question with respect to such portion of the tax assessments occurred prior to our purchase of the O’Gara Companies from Kroll, Inc. We do not believe the loss potential is probable and no loss accrual has been recorded.

Other Matters

In addition to the above, in the normal course of business and as a result of previous acquisitions, we are subjected to various types of claims and currently have on-going litigation in the areas of product liability, product warranty, general liability, intellectual property, and employment. We are periodically audited by U.S. Government personnel for contract and other regulatory compliance, and seek to pro-actively identify, address, and (where appropriate) self-report any governmental compliance issues.

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ARMOR HOLDINGS, INC. AND SUBSIDIARIES

ITEM 1. LEGAL PROCEEDINGS — CONTINUED

Our products are used in a wide variety of military and law enforcement situations and environments. Some of our products can cause serious personal or property injury or death if not carefully and properly used by adequately trained personnel. We believe that we have adequate insurance coverage for most third-party damage claims that are incurred in the normal course of business. In such cases, the effect on our condensed consolidated financial statements is generally limited to the amount of our insurance deductible or self-insured retention. Our annual insurance premiums and self-insured retention amounts have risen significantly over the past several years and may continue to do so to the extent we are able to purchase insurance coverage.

At this time, except as otherwise provided herein, we do not believe any existing claims or pending litigation will have a material impact on our financial position, operations, and liquidity.

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ARMOR HOLDINGS, INC. AND SUBSIDIARIES

ITEM 6. EXHIBITS

(a) Exhibits

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The following exhibits are filed as part of this quarterly report on Form 10-Q:

Exhibit No.	Description
31.1	Certification of Principal Executive Officer Pursuant to Rule 13a-14(a) (17 CFR 240.13a-14(a)).
31.2	Certification of Principal Financial Officer Pursuant to Rule 13a-14(a) (17 CFR 240.13a-14(a)).
32.1	Certification of Principal Executive Officer Pursuant to Rule 13a-14(b) (17 CFR 240.13a-14(b)) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350).
32.2	Certification of Principal Financial Officer Pursuant to Rule 13a-14(b) (17 CFR 240.13a-14(b)) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350).

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ARMOR HOLDINGS, INC. AND SUBSIDIARIES

SIGNATURES

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

ARMOR HOLDINGS, INC.

/s/ Warren B. Kanders

Warren B. Kanders
Chairman and Chief Executive Officer
Dated: May 1, 2007

/s/ Glenn J. Heiar

Glenn J. Heiar
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)
Dated: May 1, 2007

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EXHIBIT INDEX

Exhibit No.	Description
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