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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SEC FILE NUMBER
B- 52310

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/2006 AND ENDING 12/31/2006
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Jefferies Employees Opportunity Fund, LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

The Metro Center, One Station Place, Three North
(No. and Street)

PROCESSED

Stamford Connecticut 06902-6800
(City) (State) (Zip Code)

MAR 14 2007

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Robert J. Welch (203) 708-5800
(Area Code - Telephone Number)

THOMSON
FINANCIAL

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

KPMG LLP
(Name - if individual, state last, first, middle name)

345 Park Avenue New York New York 10154
(Address) (City) (State) (Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

SECURITIES AND EXCHANGE COMMISSION
RECEIVED
FEB 28 2007
BRANCH OF REGISTRATIONS
AND
EXAMINATIONS
02

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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

17
3/12

OATH OR AFFIRMATION

I, Robert J. Welch, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Jefferies Employees Opportunity Fund, LLC, as of December 31, 2006, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

None


Signature

Chief Financial Officer
Title


Notary Public

MARIANNE KELLY
NOTARY PUBLIC
MY COMMISSION EXPIRES MAY 31 2008

- This report ** contains (check all applicable boxes):
- (a) Facing Page.
 - (b) Statement of Financial Condition.
 - (c) Statement of Income (Loss).
 - (d) Statement of Changes in Financial Condition.
 - (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
 - (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
 - (g) Computation of Net Capital.
 - (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
 - (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
 - (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
 - (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
 - (l) An Oath or Affirmation.
 - (m) A copy of the SIPC Supplemental Report.
 - (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).



KPMG LLP
345 Park Avenue
New York, NY 10154

Independent Auditors' Report

The Members
Jefferies Employees Opportunity Fund, LLC:

We have audited the accompanying statement of financial condition of Jefferies Employees Opportunity Fund, LLC (the Fund), including the condensed schedule of investments, as of December 31, 2006 that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. This statement of financial condition is the responsibility of the Fund's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of Jefferies Employees Opportunity Fund, LLC as of December 31, 2006 in conformity with U.S. generally accepted accounting principles.

KPMG LLP

February 23, 2007

JEFFERIES EMPLOYEES OPPORTUNITY FUND, LLC

Statement of Financial Condition

December 31, 2006

Assets

Cash and cash equivalents	\$	11,924,793
Receivable from affiliated brokers and dealers		7,046,853
Securities owned		32,546,989
Securities borrowed		5,610,780
Other assets		<u>228,168</u>
Total assets	\$	<u><u>57,357,583</u></u>

Liabilities and Members' Equity

Securities sold, not yet purchased	\$	8,713,641
Payable to affiliated brokers and dealers		3,630,209
Payable to Jefferies & Company, Inc.		161,386
Accrued expenses and other liabilities		<u>143,076</u>
Total liabilities		12,648,312
Members' equity:		<u>44,709,271</u>
Total liabilities and members' equity	\$	<u><u>57,357,583</u></u>

See accompanying notes to statement of financial condition.

JEFFERIES EMPLOYEES OPPORTUNITY FUND, LLC

Condensed Schedule of Investments

December 31, 2006

Description	Fair value	Percentage of members' equity
Securities owned:		
Corporate Bonds:		
Australia – Mining	\$ 83,000	0.2%
Bermuda – Telecommunications	27,667	0.1
Canada:		
Engineering and Construction	2,000	—
Iron and Steel	287,834	0.6
Media	28,878	0.1
Mining	191,070	0.4
Oil and Gas	215,655	0.5
Total Canada	725,437	1.6
Cayman Islands – Oil and Gas	1,024	—
Great Britain:		
Oil and Gas	1,000	—
Shipping	267,900	0.6
Telecommunications	35,565	0.1
Total Great Britain	304,465	0.7
Ireland – Pharmaceuticals	46,960	0.1
Luxembourg – Telecommunications	32,700	0.1
Marshall Island – Transportation	3,000	—
United States:		
Aerospace and Defense	1,035	—
Agriculture	327,510	0.7
Auto Parts and Equipment	557,810	1.2
Beverages	3,120	—
Building Materials	38,025	0.1
Entertainment	13,912	—
Environmental Control	116,627	0.3
Financial Services – Diversified	72,505	0.2
Food	634,699	1.4
Healthcare Products and Services	258,220	0.6
Holding Companies-Diversified	3,539	—
Home Builders	133,950	0.3
Household Products	3,157	—
Iron and Steel	775,338	1.7
Leisure Time	350,940	0.8
Lodging	1,444,510	3.2
Media	826,142	1.8
Metal Fabrication and Hardware	612,869	1.4
Mining	99,270	0.2
Miscellaneous Manufacturing	1,797,000	4.0
Office and Business Equipment	2,962	—

JEFFERIES EMPLOYEES OPPORTUNITY FUND, LLC

Condensed Schedule of Investments

December 31, 2006

Description	Fair value	Percentage of members' equity
Oil and Gas:		
Ascent Energy 11.75% 5/1/15	\$ 4,390,982	9.8%
Ascent Energy 16% 2/1/10	1,511,985	3.4
Oil and Gas – Other	3,476,734	7.8
Packaging and Containers	265,548	0.6
REITS	5,125	—
Retail	248,740	0.6
Semiconductors	30,000	0.1
Storage and Warehousing	3,210	—
Telecommunications	618,016	1.4
Transportation:		
Idleaire Technologies 0/13% Units 12/15/12	2,261,996	5.1
Transportation – Other	63,675	0.1
Total United States	<u>20,949,151</u>	<u>46.9</u>
Total corporate bonds	22,173,404	49.6
Common Stock:		
Great Britain:		
Auto Parts and Equipment	12,509	—
Telecommunications	313,950	0.7
Total Great Britain	326,459	0.7
United States:		
Auto Parts and Equipment	38,760	0.1
Beverages	373,448	0.8
Building Materials	1,106,640	2.5
Chemicals	248,400	0.6
Electrical Components and Equipment	454,080	1.0
Energy	911,025	2.0
Financial Services – Diversified	596,476	1.3
Healthcare Products and Services	70,326	0.2
Iron and Steel	475,260	1.1
Oil and Gas:		
Ascent Energy	584	—
Oil and Gas – Other	712,705	1.6
Packaging and Containers	73,360	0.2
Publishing	14,404	—
Retail	1,888	—
Telecommunications	1,546,080	3.5
Transportation	200,385	0.4
Total United States	<u>6,823,821</u>	<u>15.3</u>
Total common stock	7,150,280	16.0

JEFFERIES EMPLOYEES OPPORTUNITY FUND, LLC

Condensed Schedule of Investments

December 31, 2006

Description	Fair value	Percentage of members' equity
Preferred Stock – United States:		
Lodging	\$ 384	—%
Oil and Gas:		
Ascent Energy 8% Series A Units	1,325,730	3.0
Total preferred stock – United States	1,326,114	3.0
Warrants – United States:		
Healthcare Products and Services	8	—
Mining	300,000	0.7
Oil and Gas:		
Ascent Energy 8% Series A Preferred	86,229	0.2
Telecommunications	6	—
Transportation	9	—
Total warrants – United States	386,252	0.9
Other Holdings – United States:		
Escrow Position – Chemicals	158,577	0.4
Escrow Position – Electronics	16,257	—
Escrow Position – Machinery	151,105	0.3
Investment Companies – Financial Services	196,879	0.4
Investment Companies – Oil and Gas	871,046	1.9
Trade Claim – Financial Services	117,075	0.3
Total other holdings – United States	1,510,939	3.4
Total securities owned	\$ 32,546,989	72.8%
Securities sold, not yet purchased:		
Corporate Bonds:		
Australia – Mining	\$ 46,560	0.1
Bermuda:		
Telecommunications	299,400	0.7
Transportation	19,950	—
Total Bermuda	319,350	0.7
Canada:		
Iron and Steel	109,537	0.2
Oil and Gas	6,720	—
Total Canada	116,257	0.3
France – Oil and Gas	30,150	0.1
Marshall Island – Transportation	80,250	0.2
Sweden – Holding Companies – Diversified	34,620	0.1

JEFFERIES EMPLOYEES OPPORTUNITY FUND, LLC

Condensed Schedule of Investments

December 31, 2006

Description	Fair value	Percentage of members' equity
United States:		
Aerospace and Defense	\$ 23,162	0.1%
Auto Parts and Equipment	688,618	1.5
Coal	506,927	1.1
Commercial Services	103,494	0.2
Energy	1,440	—
Entertainment	792,650	1.8
Environmental Control	34,620	0.1
Financial Services – Diversified	4,120	—
Food	183,372	0.4
Healthcare Services	386,612	0.9
Home Builders	471,240	1.1
Household Products and Wares	175,372	0.4
Iron and Steel	354,315	0.8
Leisure Time	7,420	—
Lodging	552,260	1.2
Media	165,250	0.4
Metal Fabrication and Hardware	182,455	0.4
Mining	77,580	0.2
Miscellaneous Manufacturing	82,660	0.2
Office and Business Equipment	6,360	—
Oil and Gas	2,576,160	5.8
Packaging and Containers	25,800	0.1
Pharmaceuticals	31,739	0.1
REITS	55,620	0.1
Retail	405,716	0.9
Semiconductors	32,317	0.1
Telecommunications	153,814	0.3
Total United States	<u>8,081,093</u>	<u>18.1</u>
Total corporate bonds	8,708,280	19.5
Common Stock – United States:		
Oil and Gas	<u>5,361</u>	<u>—</u>
Total common stock – United States	<u>5,361</u>	<u>—</u>
Total securities sold, not yet purchased	\$ <u><u>8,713,641</u></u>	<u><u>19.5%</u></u>

See accompanying notes to statement of financial condition.

JEFFERIES EMPLOYEES OPPORTUNITY FUND, LLC

Notes to Statement of Financial Condition

December 31, 2006

(1) Summary of Significant Accounting Policies

Jefferies Employees Opportunity Fund, LLC (the Fund) is a Delaware limited liability company. The Fund commenced operations on July 1, 2000. The investment objective of the Fund is to generate returns for its members by making, holding, and disposing of a diverse portfolio of primarily below investment grade debt and equity investments. The Fund was established to offer members the opportunity to participate in the trading, investment, and brokerage activities of the High Yield Department of Jefferies & Company, Inc. (Jefferies). The Fund employs a trading and investment strategy substantially similar to that historically employed by Jefferies' High Yield Department. The Fund acquires, actively manages, and trades a diverse portfolio of primarily non-investment grade investments consisting of the following three asset groups: High Yield Debt, Special Situation Investments, and, to a lesser extent, Bank Loans. The Fund has appointed Jefferies to serve as manager to the Fund (the Manager). The Fund participates in the non-syndicate trading and investment activities of the High Yield Department on a pari passu basis with Jefferies. To permit such participation, the Fund has been registered as a broker dealer under the Securities Exchange Act of 1934 and with the National Association of Securities Dealers.

The Fund was due to terminate on January 18, 2007. The term of the Fund was extended, as permitted, until January 18, 2008, unless extended for up to two successive one-year terms by the vote of the Manager and a majority of the member interests. (See note 8)

The Fund claims an exemption from Rule 15c3-3 as of December 31, 2006, based on Section (k)(2)(ii). Securities transactions are cleared through an affiliated broker-dealer on a fully disclosed basis. The Fund does not execute any securities transactions with or on behalf of any customers.

The Fund prepares its financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

(a) *Cash and Cash Equivalents*

Cash equivalents consist of money market funds, which are part of the cash management activities of the Fund, and have original maturities of 90 days or less. At December 31, 2006, such cash equivalents amounted to \$11,544,631.

(b) *Fair Value of Financial Instruments*

Substantially all of the Fund's financial instruments are carried at fair value or amounts approximating fair value. Assets, including cash and cash equivalents, securities borrowed, and certain receivables, are carried at fair value or contracted amounts which approximate fair value due to the short period to maturity. Similarly, liabilities, including certain payables, are carried at amounts approximating fair value.

Securities and other inventory positions owned and securities and other inventory positions sold, but not yet purchased (all of which are recorded on a trade-date basis) are valued at fair value. Fair value generally is determined based on listed prices or broker quotes. In certain instances, such price quotations may be deemed unreliable when the instruments are thinly traded and the listed price is not deemed to be readily realizable. In these instances the Fund determines fair value based on management's best estimate, giving appropriate consideration to reported prices, the extent of public trading in similar securities and the discount from the listed price associated with the cost at the date

JEFFERIES EMPLOYEES OPPORTUNITY FUND, LLC

Notes to Statement of Financial Condition

December 31, 2006

of acquisition, among other factors. When listed prices or broker quotes are not available, the Fund determines fair value based on pricing models or other valuation techniques, including the use of implied pricing from similar instruments. The Fund typically uses pricing models to derive fair value based on the net present value of estimated future cash flows including adjustments, when appropriate, for liquidity, credit and/or other factors.

(c) *Securities Transactions*

The Fund records its securities transactions on a trade-date basis. Securities owned and securities sold, not yet purchased, are valued at fair value.

(d) *Contributions*

Capital contributions were recorded net of the Fund's closing costs.

(e) *Federal and State Income Taxes*

Under current federal and applicable state limited liability company laws and regulations, limited liability companies are treated as partnerships for tax reporting purposes and, accordingly, are not subject to income taxes. Therefore, no provision for income taxes has been made in the Fund's financial statements. For tax purposes, income or losses are included in the tax returns of the members.

(f) *Allocation of Income and Expense*

Income and expense are allocated 100% to the members based on the pro rata share of their capital contributed to the Fund.

(g) *Use of Estimates*

The preparation of financial statements in conformity with U.S. GAAP requires the Fund Manager to make a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses to prepare these financial statements. Actual results could differ from those estimates.

(h) *New Accounting Pronouncement*

In September 2006, the Financial Accounting Standards Board released Statement of Financial Accounting Standards No. 157 *Fair Value Measurements* (FAS 157). FAS 157 establishes an authoritative definition of fair value, sets out a framework for measuring fair value, and requires additional disclosures about fair-value measurements. The application of FAS 157 is required for fiscal years beginning after November 15, 2007. Management is in the process of assessing the impact of this standard on the Statement of Financial Condition.

JEFFERIES EMPLOYEES OPPORTUNITY FUND, LLC

Notes to Statement of Financial Condition

December 31, 2006

(2) Receivable from, and Payable to, Affiliated Brokers and Dealers

The following is a summary of the major categories of receivable from, and payable to, affiliated brokers and dealers as of December 31, 2006:

Receivable from affiliated brokers and dealers:		
Securities failed to deliver	\$	6,408,151
Other		<u>638,702</u>
	\$	<u>7,046,853</u>
Payable to affiliated brokers and dealers:		
Securities failed to receive	\$	3,627,174
Other		<u>3,035</u>
	\$	<u>3,630,209</u>

(3) Securities Owned and Securities Sold, Not Yet Purchased

The following is a summary of the fair value of major categories of Securities owned and Securities sold, not yet purchased, as of December 31, 2006:

	<u>Securities owned</u>	<u>Securities sold, not yet purchased</u>
Corporate debt securities	\$ 22,173,404	8,708,280
Corporate equity securities	8,476,394	5,361
Other	<u>1,897,191</u>	<u>—</u>
	\$ <u>32,546,989</u>	<u>8,713,641</u>

(4) Revolving Credit Facility

In June 2006, the Fund renewed a revolving credit facility agreement with an unaffiliated third party to be used in connection with the Fund's investing activities. At December 31, 2006, \$23,300,000 was available under the terms of the revolving credit facility agreement. The revolving credit facility expires in June 2007, but provides for annual extensions. Advances under this facility bear interest at the lender's commercial paper rate plus 115 basis points. The Fund incurs a liquidity fee on the total amount available under the revolving credit facility. The Fund incurs a program fee on amounts borrowed under the revolving credit facility. The Fund incurs minimum program fee if program fees do not reach a certain threshold. During the year ended December 31, 2006, the Fund borrowed, and subsequently repaid, \$1,927,213 under the revolving credit facility. At December 31, 2006, there were no outstanding balances under the revolving credit facility.

The Fund incurred costs in securing the revolving credit facility. These costs have been capitalized and are being amortized over seven years. Net unamortized costs of \$1,777 are included in Other assets.

JEFFERIES EMPLOYEES OPPORTUNITY FUND, LLC

Notes to Statement of Financial Condition

December 31, 2006

(5) Related Party Transactions

Included in members' equity is an investment in the Fund by Jefferies Group, Inc. of \$15,227,500.

Receivable from and payable to affiliated brokers and dealers are for amounts due from and due to Jefferies related to trade execution and settlement. (See note 2)

During the year ended December 31, 2006, Jefferies Execution Services, Inc. was the sole counterparty to all of the Fund's stock borrow transactions.

Payable to Jefferies & Company, Inc. of \$161,386 is for amounts due for direct trading expenses, general and administrative expenses, and management fees. The Fund reimburses Jefferies for general and administrative expenses based on the Fund's pro rata portion of actual charges incurred.

Jefferies, in its capacity as Manager, receives a management fee equal to 3% per annum of the sum of 100% of the average balance of securities owned and 98% of average balance of securities sold, not yet purchased. Accrued management fees of \$99,746 are included in Payable to Jefferies & Company, Inc.

(6) Financial Instruments

(a) Off-Balance Sheet Risk

The Fund has contractual commitments arising in the ordinary course of business for securities sold, not yet purchased. These financial instruments contain varying degrees of off-balance sheet risk whereby the fair values of the securities underlying the financial instruments may be in excess of, or less than, the contract amount. The settlement of these transactions is not expected to have a material effect upon the Fund's Statement of Financial Condition.

(b) Credit Risk

In the normal course of business, the Fund is involved in the execution, settlement, and financing of various principal securities transactions. Securities transactions are subject to the risk of counterparty nonperformance. However, transactions are collateralized by the underlying security, thereby reducing the associated risk to changes in the fair value of the security through settlement date.

The Fund seeks to control the risk associated with these transactions by establishing and monitoring collateral and transaction levels daily.

(c) Concentration of Credit Risk

The Fund's activities are executed exclusively with Jefferies. Concentrations of credit risk can be affected by changes in economic, industry, or geographical factors. The Fund seeks to control its credit risk and the potential risk concentration through a variety of reporting and control procedures including those described in the preceding discussion of credit risk.

JEFFERIES EMPLOYEES OPPORTUNITY FUND, LLC

Notes to Statement of Financial Condition

December 31, 2006

(7) Net Capital Requirement

The Fund is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital. The Fund has elected to use the alternative method permitted by Rule 15c3-1, which requires that the Fund maintain minimum net capital, as defined, equal to the greater of \$250,000 or 2% of aggregate debit balances arising from customer transactions, as defined.

At December 31, 2006, the Fund had net capital of \$20,396,741, which was \$20,146,741 in excess of required net capital.

(8) Subsequent Events

On January 15, 2007, the Manager and a majority of the member interests elected to extend the Fund's term until January 18, 2008. The Fund will be in effect until January 18, 2008, unless extended for up to two successive one-year terms by the vote of the Manager and a majority of the member interests.

On February 15, 2007, the Fund made a distribution to the Fund members of \$9,709,271.