

BOARD OF TREASURY INVESTMENTS

CALENDAR NOTES

1 Year CD Auction
October 10, 2007

OPERATING REPORT

AUGUST 2007

Board of Treasury Investments

1900 Kanawha Boulevard East
Suite E-122
Charleston WV 25305
(304) 340-1578
www.wvbt.com

Board of Directors

John D. Perdue,
State Treasurer,
Chairman

Joe Manchin III,
Governor

Glen B. Gainer III,
State Auditor

Martin Glasser,
Esq. Attorney
Appointed by
the Governor

Jack Rossi, CPA
Appointed by
the Governor

Executive Staff

Executive Director

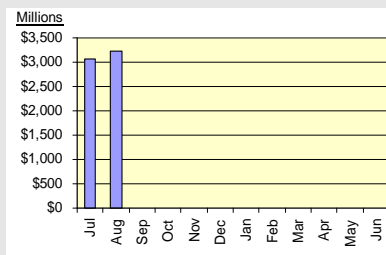
Glenda Probst,
CPA, CTP

Chief Financial Officer

Kara K. Brewer,
CPA, MBA

Total Net Assets Under Management

\$3,236,513,000



Last Month
\$3,075,673,000

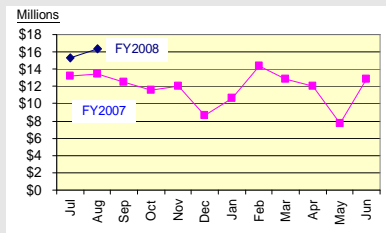
Beginning of Fiscal Year
\$2,923,172,000

10.7% Growth This Fiscal Year

Total Net Income & Gains

This Month \$16,364,000

Fiscal Year \$31,729,000

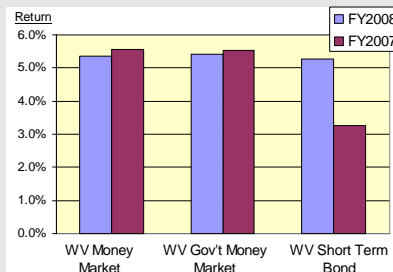


Outpacing Last Year

Effective Rates of Return

Time Weighted, Annualized, Net of All Fees

	August <u>2007</u>	Fiscal Year <u>2008</u>	Fiscal Year <u>2007</u>
WV Money Market	5.4%	5.4%	5.6%
WV Gov't Money Market	5.4%	5.4%	5.5%
	Fiscal Year <u>2008</u> (Past 12 Months)	Fiscal Year <u>2007</u> (Past 12 Months)	
WV Short Term Bond	5.3%	3.3%	



Returns are annualized fiscal year to date for WV Money Mkt & WV Gov't Money Mkt; past 12 months for WV Short Term Bond

Fiscal Year Return Comparisons

WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

THE ECONOMIC STATE

AUGUST 2007

U.S. Economy Picks Up Pace Despite Layoffs & Slower Consumer Spending

The U.S. unemployment rate held at 4.6% in August, but the U.S. economy unexpectedly lost jobs for the first time in four years as employers cut 4,000 workers. Job growth was also revised to a lower 68,000 in July from a previous estimate of 92,000. During the second quarter, the U.S. economy grew at a revised 4.0% annual growth rate, the fastest pace in more than a year. Consumer spending slowed to a 1.4% annual pace from 3.7% the previous quarter. Housing starts slumped to a ten-year low, dropping 6.1% in July and the index of signed purchase agreements dropped 12.2% after gaining 5% in June. The glut of unsold properties is expected to drag down construction and the economy for the rest of the year. Rising mortgage rates and stricter lending rules are also impeding a rebound in housing. U.S. consumer prices rose 0.1% in July, the smallest gain in eight months, as gasoline prices declined 1.7%. The core CPI, which excludes food and energy, rose 0.2% in July and 2.2% for the trailing twelve months. The Producer Price Index rose 0.6% in July on higher gasoline and natural gas costs. July's increase followed a 0.2% decline in June. Excluding food and energy costs, producer prices rose less than forecast, up 0.1% in July. Over the last twelve months, producer prices jumped 4.0% while the core PPI rose 2.3%.

September CD Auction Results

The following awards were issued as a result of the September 12, 2007, Board of Treasury Investments, certificate of deposit (CD) auction:

Main Street Bank – Wheeling	\$2,000,000
Chase Bank – Charleston	\$2,000,000
Jefferson Security Bank – Shepherdstown	\$3,000,000
Monongahela Valley Bank – Fairmont	\$3,000,000
BB&T – Charleston	\$5,000,000
Huntington National Bank – Charleston	\$5,000,000
United Bank, Inc. – Parkersburg	\$5,000,000

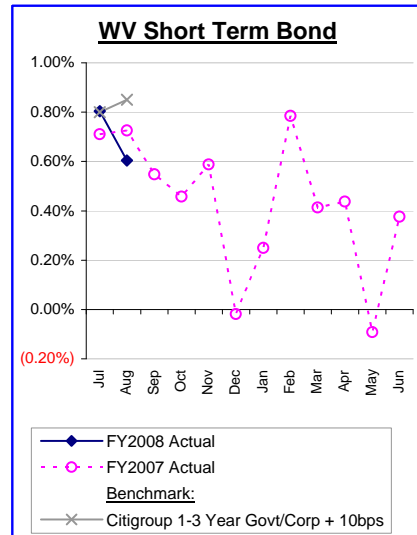
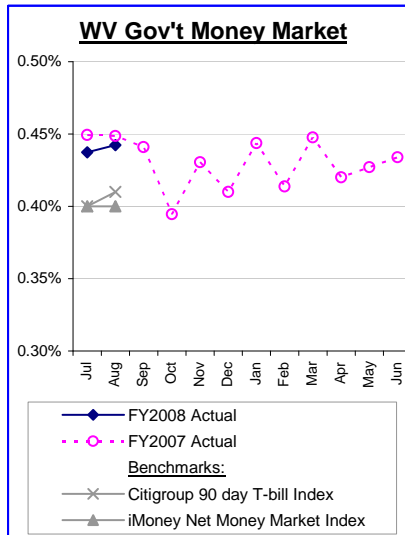
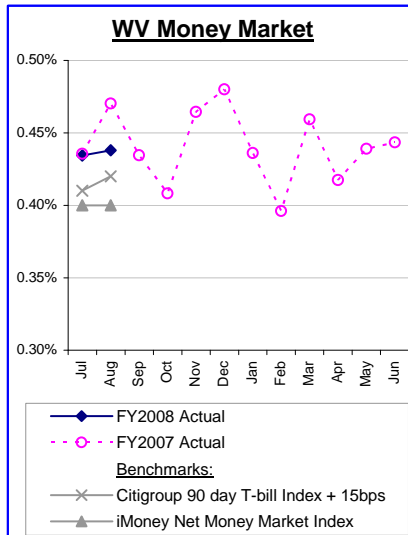
Thirteen West Virginia banks bid for a portion of the \$25,000,000 offered for six month CDs. The minimum rate required to bid was 4.172%. Winning bids ranged from 4.80% to 5.16%, and they will earn the state an additional \$88,856 over the benchmark. To date, this program has placed \$178.8 million with state banks and earned \$4.6 million in interest.

The overnight lending rate remained at 5.25% in August after the Fed left rates unchanged at its last nine meetings. Fed officials acknowledged that financial market turmoil and declines in housing have increased the risks to growth, but maintained that inflation remained the biggest threat. However, given a sudden spike in short-term lending rates and the loan market seizing, the Fed injected liquidity and dropped the discount rate 50 bps. The market is expecting the Fed to reduce the overnight lending rate by at least 25 bps on September 18, 2007. For the month of August, yields shifted lower across the curve with 3- and 6-month Treasuries falling 84 and 77 bps to 4.11% and 4.20%, respectively. The 2-year Treasury yield declined 39 bps in August to 4.13%, while the 3-year Treasury dropped 36 bps to 4.15%. The 10-year Treasury yield fell 21 bps to 4.53% as the 30-year Treasury yield declined 8 bps to 4.82%, widening the yield spread between the 30-year and the 2-year Treasury to 69 bps. Ninety-day T-Bills returned 0.56% in August, underperforming the 1.03% return of 1-3 Year Government Bonds. Year-to-date in 2007, 90-Day T-bills have earned 3.51%, while 1-3 Year Government Bonds have returned 4.12%. For the last 12 months, T-bills underperformed with a 5.29% return as 1-3 Year Government Bonds earned 5.61%.

West Virginia Board of Treasury Investments

Financial Highlights as of August 31, 2007

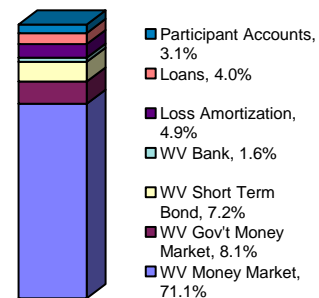
Monthly Rates of Return for Operating Pools (Net of Fees)



Summary of Value and Earnings (In Thousands)

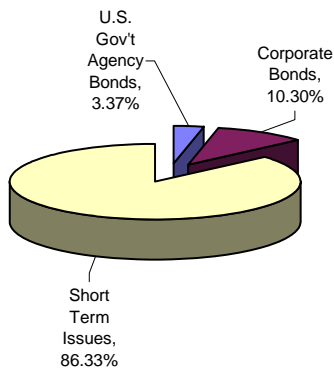
Pool	Asset Value	August Net Income (Loss)	Fiscal YTD Net Income (Loss)
WV Money Market	\$ 2,300,312	\$ 9,857	\$ 19,142
WV Gov't Money Market	262,045	1,057	2,037
WV Short Term Bond	233,003	1,424	3,269
WV Bank	50,573	224	224
Loss Amortization	159,633	2,961	5,356
Loans	131,083	448	896
Participant Accounts	99,864	393	805
	<u>\$ 3,236,513</u>	<u>\$ 16,364</u>	<u>\$ 31,729</u>

Percent of Total Net Asset Value

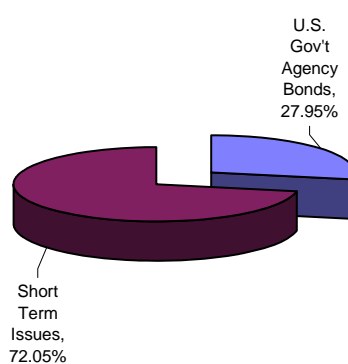


Securities by Type for Operating Pools (Percentage of Asset Value)

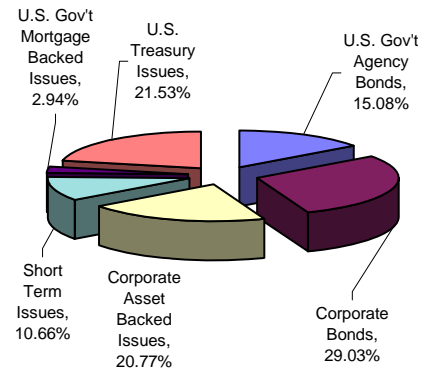
WV Money Market



WV Gov't Money Market



WV Short Term Bond



WEST VIRGINIA BOARD OF TREASURY INVESTMENTS
SCHEDULE OF NET ASSETS, OPERATIONS & CHANGES IN NET ASSETS –
UNAUDITED

AUGUST 31, 2007

(IN THOUSANDS)

	<u>WV Money Market Pool</u>	<u>WV Government Money Market Pool</u>	<u>WV Short Term Bond Pool</u>	<u>WV Bank Pool</u>	<u>Other Pools</u>	<u>Participant Directed Accounts</u>
Assets						
Investments:						
At amortized cost	\$ 2,296,589	\$ 261,586			\$ 130,639	\$ 46,708
At fair value	-	-	\$ 232,138	\$ -	159,633	52,323
Collateral for securities loaned	381,566	34,632	43,881	-	-	-
Other assets	3,933	482	1,865	573	448	834
Total assets	<u>2,682,088</u>	<u>296,700</u>	<u>277,884</u>	<u>573</u>	<u>290,720</u>	<u>99,865</u>
Liabilities						
Payable for securities loaned	381,566	34,632	43,881	-	-	-
Other liabilities	210	23	1,000	-	4	1
Total liabilities	<u>381,776</u>	<u>34,655</u>	<u>44,881</u>	<u>-</u>	<u>4</u>	<u>1</u>
Net Assets	<u>\$ 2,300,312</u>	<u>\$ 262,045</u>	<u>\$ 233,003</u>	<u>\$ 573</u>	<u>\$ 290,716</u>	<u>\$ 99,864</u>
Investment income						
Interest and dividends	\$ 4,098	\$ 625	\$ 896	\$ 224	\$ 452	\$ 384
Securities lending income	1,741	254	311	-	-	-
Net accretion (amortization)	5,691	425	76	-	541	(18)
Provision for uncollectible loans	-	-	-	-	-	-
Total investment income	<u>11,530</u>	<u>1,304</u>	<u>1,283</u>	<u>224</u>	<u>993</u>	<u>366</u>
Expenses						
Fees	244	26	28	-	4	1
Securities lending borrower rebates	1,432	222	284	-	-	-
Total expenses	<u>1,676</u>	<u>248</u>	<u>312</u>	<u>-</u>	<u>4</u>	<u>1</u>
Net investment income	<u>9,854</u>	<u>1,056</u>	<u>971</u>	<u>224</u>	<u>989</u>	<u>365</u>
Net realized gain (loss)						
from investments	3	1	466	-	-	-
Net increase (decrease)						
in fair value of investments	-	-	(13)	-	2,420	28
Net gain (loss) from investments	<u>3</u>	<u>1</u>	<u>453</u>	<u>-</u>	<u>2,420</u>	<u>28</u>
Net increase (decrease) in net assets from operations	<u>9,857</u>	<u>1,057</u>	<u>1,424</u>	<u>224</u>	<u>3,409</u>	<u>393</u>
Distributions to participants	<u>9,857</u>	<u>1,057</u>	<u>971</u>	<u>224</u>	<u>447</u>	<u>-</u>
Participant activity						
Purchases, reinvestment of units and contributions	898,427	49,590	924	224	447	17
Redemptions and withdrawals	760,507	26,932	-	-	-	5,158
Inter-pool transfers in	25,662	-	-	76,011	-	-
Inter-pool transfers out	76,011	-	-	25,662	-	-
Net increase (decrease) in net assets from participant activity	<u>87,571</u>	<u>22,658</u>	<u>924</u>	<u>50,573</u>	<u>447</u>	<u>(5,141)</u>
Increase (decrease) in net assets	87,571	22,658	1,377	50,573	3,409	(4,748)
Net assets at beginning of period	2,212,741	239,387	231,626	-	287,307	104,612
Net assets at end of period	<u>\$ 2,300,312</u>	<u>\$ 262,045</u>	<u>\$ 233,003</u>	<u>\$ 50,573</u>	<u>\$ 290,716</u>	<u>\$ 99,864</u>