

BOARD OF TREASURY INVESTMENTS

CALENDAR NOTES

6 Month CD Auction
January 9, 2008

OPERATING REPORT

OCTOBER 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

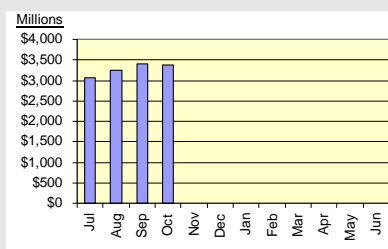
Glenda Probst,
CPA, CTP

Chief Financial Officer

Kara K. Brewer,
CPA, MBA

Total Net Assets Under Management

\$3,364,572,000



Last Month
\$3,394,064,000

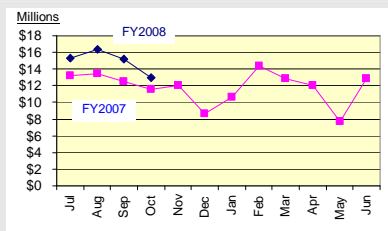
Beginning of Fiscal Year
\$2,923,172,000

15.1% Growth This Fiscal Year

Total Net Income & Gains

This Month \$12,932,000

Fiscal Year \$59,902,000

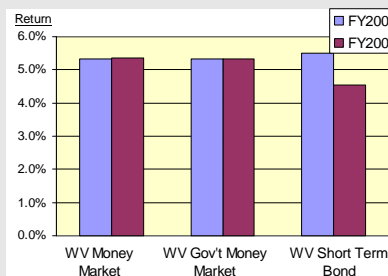


Outpacing Last Year

Effective Rates of Return

Time Weighted, Annualized, Net of All Fees

	Oct. <u>2007</u>	Fiscal Year <u>2008</u>	Fiscal Year <u>2007</u>
WV Money Market	5.2%	5.3%	5.4%
WV Gov't Money Market	5.1%	5.3%	5.3%
	Fiscal Year <u>2008</u> (Past 12 Months)	Fiscal Year <u>2007</u> (Past 12 Months)	
WV Short Term Bond	5.5%	4.5%	



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
OCTOBER 2007

Job Growth Accelerates;
Economy Boosted by Exports, Consumers & Business

The U.S. unemployment rate remained at 4.7% in October, but job growth accelerated by 166,000, almost twice as many jobs as forecast. September's job growth was revised down to a 96,000 increase. During the third quarter, the U.S. economy grew at a 3.9% annual growth rate, the best showing since early 2006. Growth during the third quarter was boosted by increases in exports, consumer spending, and business investment. Consumer spending grew at a 3.0% pace in the third quarter, following a 1.4% increase in the last quarter, and business investment jumped 7.9%. Home construction remained the largest drag on GDP with a 20.1% plunge in homebuilding, representing the seventh consecutive decline. U.S. consumer prices rose 0.3% in September, more than forecast, as energy and food costs increased. Over the past twelve months, consumer prices rose 2.8%. The core CPI, which excludes food and energy, rose 0.2% in September and 2.1% for the trailing twelve months. The Producer Price Index also rose more than forecast in September, rising 1.1%, as energy costs jumped 4.1%. Excluding food and energy costs, producer prices rose 0.1% in September. Over the last twelve months, the PPI rose 4.4% and the core PPI only rose 2.0%. Oil prices reached another record high in October 31, topping \$94/barrel, more than 85% above this year's low.

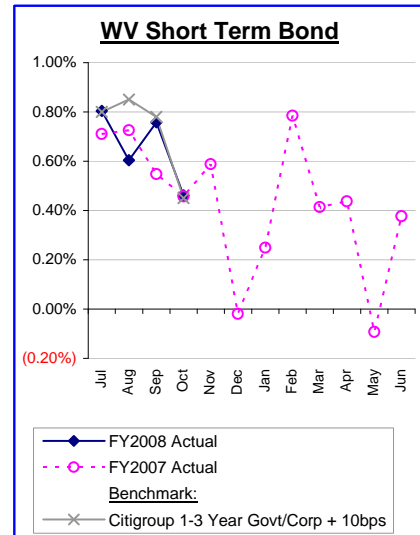
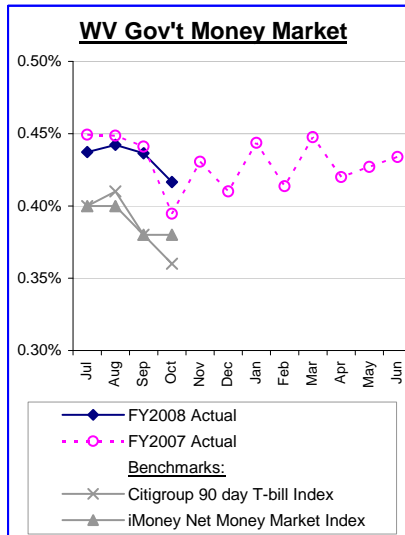
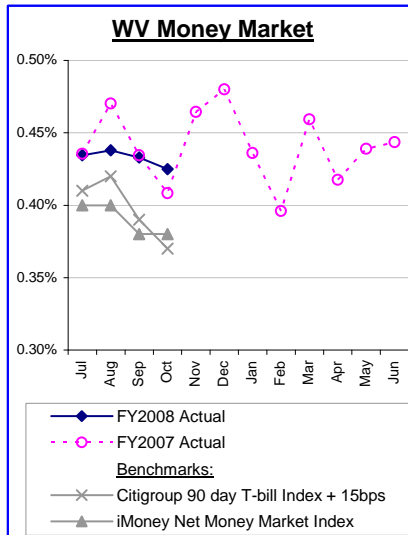
The Fed lowered the overnight lending rate at the October 31st meeting by 25 basis points, dropping it to 4.50%, as slowing growth concerns remained at the forefront. Bernanke has indicated that energy and commodity prices may place upward pressure on inflation, signaling the Fed may be on hold going forward. The Fed will next meet on December 11, 2007. For the month of October, the yield curve flattened as yields shifted lower on the long end of the curve and remained slightly inverted on the short end. The 3-month Treasury rose almost 12 bps to 3.91% as the 6-month Treasury was flat at 4.07%. The 2-year Treasury yield declined 4 bps in October to 3.94%, while the 3-year Treasury dropped 10 bps to 3.92%. The 10-year Treasury yield fell 12 bps to 4.47% as the 30-year Treasury yield dipped 9 bps to 4.75%, narrowing the yield spread between the 30-year and the 2-year Treasury to 80 bps.

Ninety-day T-Bills returned 0.30% in October, underperforming the 0.37% return of 1-3 Year Government Bonds. Year-to-date in 2007, 90-Day T-bills have earned 4.22%, while 1-3 Year Government Bonds have returned 5.24%. For the last 12 months, T-bills underperformed with a 5.13% return as 1-3 Year Government Bonds earned 5.80%.

West Virginia Board of Treasury Investments

Financial Highlights as of October 31, 2007

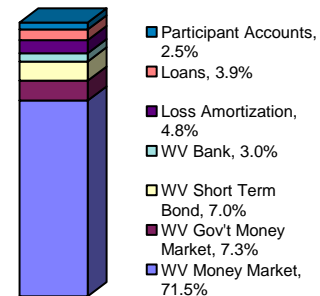
Monthly Rates of Return for Operating Pools *(Net of Fees)*



Summary of Value and Earnings *(In Thousands)*

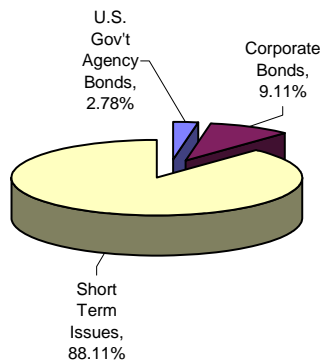
Pool	Asset Value	Oct. Net Income (Loss)	Fiscal YTD Net Income (Loss)
WV Money Market	\$ 2,406,637	\$ 10,173	\$ 39,551
WV Gov't Money Market	243,997	984	4,078
WV Short Term Bond	235,041	1,075	6,108
WV Bank	101,243	393	894
Loss Amortization	161,631	867	7,354
Loans	130,637	(885)	450
Participant Accounts	85,386	325	1,467
	<u>\$ 3,364,572</u>	<u>\$ 12,932</u>	<u>\$ 59,902</u>

Percent of Total Net Asset Value

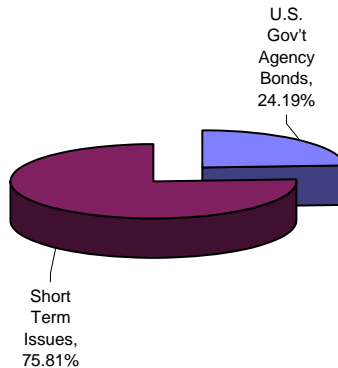


Securities by Type for Operating Pools *(Percentage of Asset Value)*

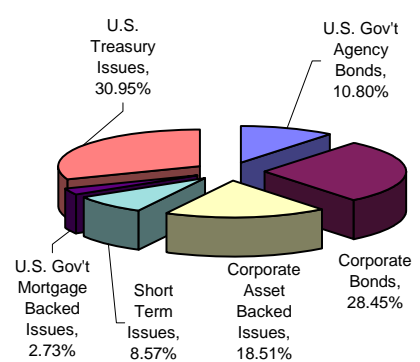
WV Money Market



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

OCTOBER 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	\$ 2,429,884	\$ 249,083		\$ 100,000	\$ 130,186	\$ 41,264
At fair value	-	-	\$ 240,516	-	161,631	43,291
Collateral for securities loaned	414,956	23,363	83,528	-	-	-
Other assets	3,812	392	2,055	1,243	456	832
Total assets	<u>2,848,652</u>	<u>272,838</u>	<u>326,099</u>	<u>101,243</u>	<u>292,273</u>	<u>85,387</u>
Liabilities						
Payable for securities loaned	414,956	23,363	83,528	-	-	-
Other liabilities	27,059	5,478	7,530	-	5	1
Total liabilities	<u>442,015</u>	<u>28,841</u>	<u>91,058</u>	<u>-</u>	<u>5</u>	<u>1</u>
Net Assets	<u>\$ 2,406,637</u>	<u>\$ 243,997</u>	<u>\$ 235,041</u>	<u>\$ 101,243</u>	<u>\$ 292,268</u>	<u>\$ 85,386</u>
Investment income						
Interest and dividends	\$ 4,015	\$ 589	\$ 915	\$ 393	\$ 459	\$ 328
Securities lending income	1,942	157	272	-	-	-
Net accretion (amortization)	6,130	396	26	-	544	(20)
Provision for uncollectible loans	-	-	-	-	(1,337)	-
Total investment income	<u>12,087</u>	<u>1,142</u>	<u>1,213</u>	<u>393</u>	<u>(334)</u>	<u>308</u>
Expenses						
Fees	244	23	25	-	4	1
Securities lending borrower rebates	1,670	135	253	-	-	-
Bad debt expense	-	-	-	-	3	-
Total expenses	<u>1,914</u>	<u>158</u>	<u>278</u>	<u>-</u>	<u>7</u>	<u>1</u>
Net investment income	<u>10,173</u>	<u>984</u>	<u>935</u>	<u>393</u>	<u>(341)</u>	<u>307</u>
Net realized gain (loss)						
from investments	-	-	129	-	-	-
Net increase (decrease)						
in fair value of investments	-	-	11	-	323	18
Net gain (loss) from investments	<u>-</u>	<u>-</u>	<u>140</u>	<u>-</u>	<u>323</u>	<u>18</u>
Net increase (decrease) in net assets from operations	<u>10,173</u>	<u>984</u>	<u>1,075</u>	<u>393</u>	<u>(18)</u>	<u>325</u>
Distributions to participants	<u>10,173</u>	<u>984</u>	<u>1,064</u>	<u>393</u>	<u>(1,157)</u>	<u>-</u>
Participant activity						
Purchases, reinvestment of units and contributions	872,533	47,000	961	393	-	333
Redemptions and withdrawals	876,082	63,310	265	-	1,157	11,372
Inter-pool transfers in	-	-	-	25,000	-	-
Inter-pool transfers out	25,000	-	-	-	-	-
Net increase (decrease) in net assets from participant activity	<u>(28,549)</u>	<u>(16,310)</u>	<u>696</u>	<u>25,393</u>	<u>(1,157)</u>	<u>(11,039)</u>
Increase (decrease) in net assets	(28,549)	(16,310)	707	25,393	(18)	(10,714)
Net assets at beginning of period	2,435,186	260,307	234,334	75,850	292,286	96,100
Net assets at end of period	<u>\$ 2,406,637</u>	<u>\$ 243,997</u>	<u>\$ 235,041</u>	<u>\$ 101,243</u>	<u>\$ 292,268</u>	<u>\$ 85,386</u>