

BOARD OF TREASURY INVESTMENTS

CALENDAR NOTES

Next Board Meeting
January 25, 2007
Next CD Auction
February 20, 2007

OPERATING REPORT NOVEMBER 2006

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

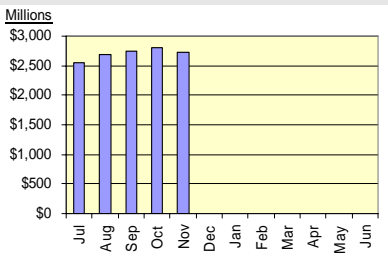
Chief Financial Officer

Kara K. Brewer,

Total Net Assets Under Management
\$2,724,671,000

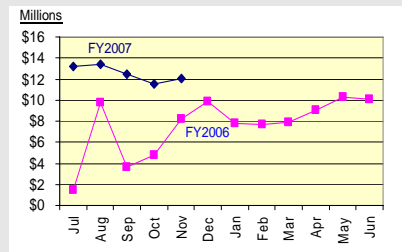
Last Month
\$2,809,570,000

Beginning of Fiscal Year
\$2,481,176,000



9.8% Growth This Fiscal Year

Total Net Income & Gains
This Month \$12,071,000
Fiscal Year \$62,751,000

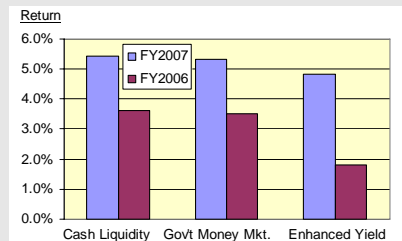


Outpacing Last Year

Effective Rates of Return

Time Weighted, Annualized, Net of All Fees

	Nov. 2006	Fiscal Year to Date 2007	Fiscal Year to Date 2006
Cash Liquidity	5.7%	5.4%	3.6%
Gov't Money Mkt	5.3%	5.3%	3.5%
	Fiscal Year 2007 (Past 12 Months)	Fiscal Year 2006 (Past 12 Months)	
Enhanced Yield	4.8%	1.8%	



Returns are annualized fiscal year to date for Cash Liquidity & Gov't Money Mkt; past 12 months for Enhanced Yield

Returns Exceed Prior Year's

WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

THE ECONOMIC STATE

NOVEMBER 2006

U.S. Economy Expands

Jobs increase more than expected Energy, producer prices fall

The U.S. unemployment rate rose to 4.5% in November from a five-year low of 4.4%. The U.S. economy added more jobs in November than expected with an increase of 132,000 which followed a revised gain of 79,000 in October. The U.S. economy expanded at a revised 2.2% annual rate in the third quarter, up from a 1.6% estimate last month. Third quarter GDP reflected slower homebuilding and a wider trade deficit. Consumer spending and business fixed investment grew at a healthy pace. The CPI fell 0.5% in October, matching September's retreat. Energy prices fell 7.0% in October after a 7.2% decline in September. The core CPI, which excludes food and energy, rose 0.1%, the smallest increase in eight months. Consumer prices rose 1.3% during the last twelve months ending in October, the smallest 12-month increase since June 2002. Core prices rose 2.7% for the one-year period, compared with a 2.9% gain for the period ending September, the biggest 12-month jump since February 1996. The Producer Price Index fell 1.6% in October, matching the biggest monthly drop on record. The decrease followed a 1.3% decline in September. So far this year, producer prices are falling at a 2.0% rate which compares to a 6.4% gain in the first ten months of 2005. Core prices are rising at a 0.7% rate, also slower than the 1.6% pace last year. Housing starts tumbled to the lowest level in more than six years, dropping 14.6% in October. The number of housing starts in October was the weakest since July 2000.

CD Auction Success Continues

The November CD auction resulted in the placement of \$30 million with twelve West Virginia banks. Awards totaling \$15 million went to small institutions. Banks receiving the state's short-term investment funds include BB&T, Freedom Bank, Inc., Main Street Bank, Monongahela Valley Bank, United Bank, Inc., Jefferson Security Bank, First National Bank of Williamson, Huntington National Bank, and First State Bank.

Banks compete for the six-month CD placement by offering interest rates above the equivalent of a six-month Treasury Bill. The highest rate bid was 5.295%.

To date, the Board of Treasury Investments has placed \$80 million with West Virginia banks and received \$24,189 in additional earnings.

Local Government Participation

Many local governments are not aware of the opportunity to pool their funds with the state's short-term investments. The efforts of the BTI staff to inform the political subdivisions have been very well received and have resulted in a number of new accounts and an increase in existing accounts. Total local government investments have increased by \$18 million since June of 2006.

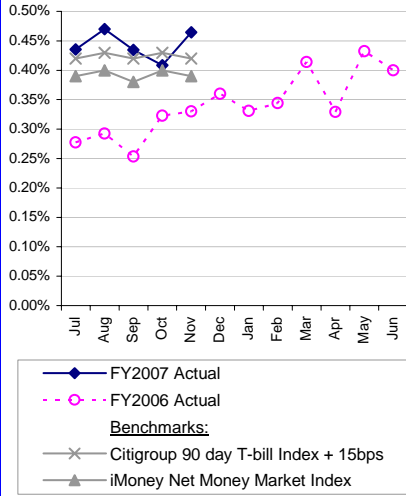
The overnight lending rate remained at 5.25% in November after the Fed left rates unchanged at its last three meetings. The Fed will meet on December 12, 2006 and is expected to keep rates unchanged. For the month of November, yields shifted slightly lower across the curve dropping 2 – 15 bps. The yield curve remained inverted at the belly of the curve. Ninety-day T-Bills returned 0.43% in November, underperforming the 0.51% return of 1-3 Year Government Bonds. Year-to-date in 2006, T-bills continued to outperform with a 4.38% return as 1-3 Year Government Bonds earned 3.94%.

West Virginia Board of Treasury Investments

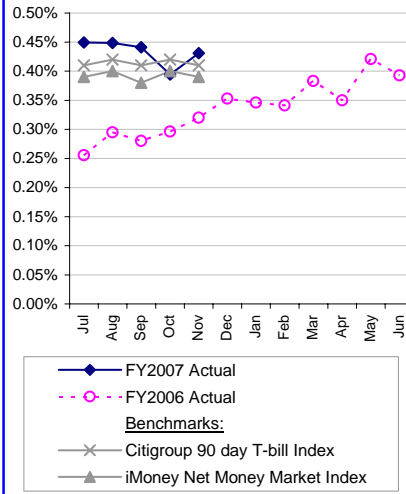
Financial Highlights as of November 30, 2006

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

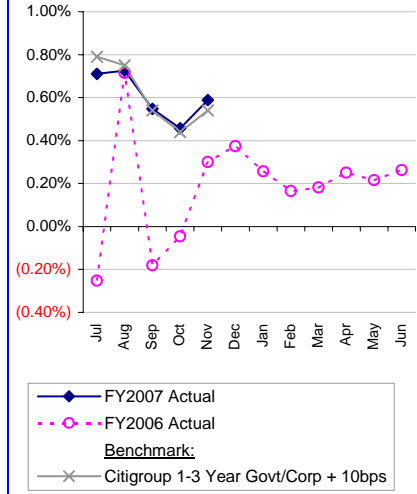
Cash Liquidity



Gov't Money Market



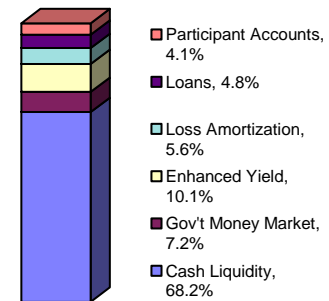
Enhanced Yield



Summary of Value and Earnings *(In Thousands)*

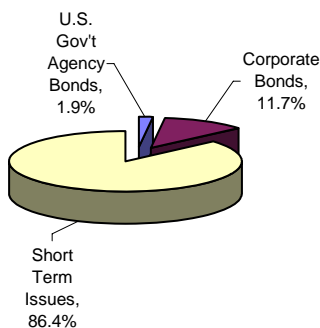
Pool	Asset Value	Nov. Net Income (Loss)	Fiscal YTD Net Income (Loss)
Cash Liquidity	\$ 1,857,067	\$ 8,031	\$ 40,495
Gov't Money Market	195,876	825	4,096
Enhanced Yield	274,897	1,598	8,148
Loss Amortization	153,712	1,414	7,769
Loans	131,566	(227)	1,337
Participant Accounts	111,553	430	906
	<u>\$ 2,724,671</u>	<u>\$ 12,071</u>	<u>\$ 62,751</u>

Percent of Total Net Asset Value

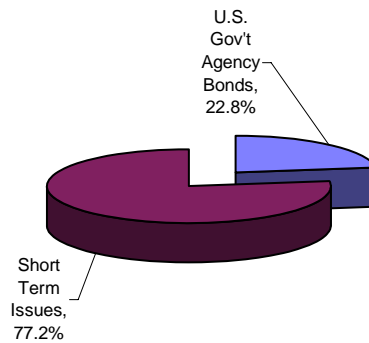


Securities by Type for Operating Pools *(Percentage of Asset Value)*

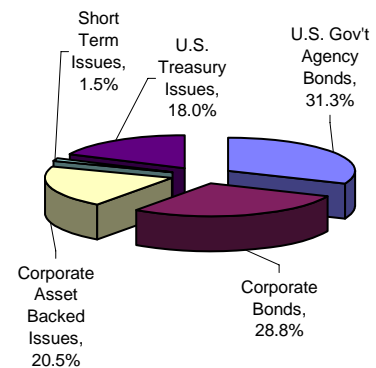
Cash Liquidity Pool



Gov't Money Market Pool



Enhanced Yield Pool



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

NOVEMBER 30, 2006

(IN THOUSANDS)

	<u>Cash Liquidity</u>	<u>Government Money Market</u>	<u>Enhanced Yield</u>	<u>Other Pools</u>	<u>Participant Directed Accounts</u>
Assets					
Investments:					
At amortized cost	\$ 1,873,214	\$ 200,642		\$ 131,150	\$ 28,160
At fair value	-	-	\$ 273,382	153,712	82,848
Collateral for securities loaned	289,181	28,990	140,749	-	-
Other assets	4,179	260	2,723	421	547
Total assets	<u>2,166,574</u>	<u>229,892</u>	<u>416,854</u>	<u>285,283</u>	<u>111,555</u>
Liabilities					
Payable for securities loaned	289,181	28,990	140,749	-	-
Other liabilities	20,326	5,026	1,208	5	2
Total liabilities	<u>309,507</u>	<u>34,016</u>	<u>141,957</u>	<u>5</u>	<u>2</u>
Net Assets	<u>\$ 1,857,067</u>	<u>\$ 195,876</u>	<u>\$ 274,897</u>	<u>\$ 285,278</u>	<u>\$ 111,553</u>
Investment income					
Interest and dividends	\$ 3,091	\$ 407	\$ 1,096	\$ 393	\$ 416
Securities lending income	1,587	185	809	-	-
Net accretion (amortization)	5,046	430	37	525	(11)
Provision for uncollectible loans	-	-	-	(615)	-
Total investment income	<u>9,724</u>	<u>1,022</u>	<u>1,942</u>	<u>303</u>	<u>405</u>
Expenses					
Fees	138	15	32	5	1
Securities lending borrower rebates	1,557	182	795	-	-
Total expenses	<u>1,695</u>	<u>197</u>	<u>827</u>	<u>5</u>	<u>1</u>
Net investment income	<u>8,029</u>	<u>825</u>	<u>1,115</u>	<u>298</u>	<u>404</u>
Net realized gain (loss)					
from investments	2	-	114	-	-
Net increase (decrease)					
in fair value of investments	-	-	369	889	26
Net gain (loss) from investments	<u>2</u>	<u>-</u>	<u>483</u>	<u>889</u>	<u>26</u>
Net increase (decrease) in net assets from operations	<u>8,031</u>	<u>825</u>	<u>1,598</u>	<u>1,187</u>	<u>430</u>
Distributions to participants	<u>8,081</u>	<u>825</u>	<u>1,115</u>	<u>(227)</u>	<u>-</u>
Participant activity					
Purchases, reinvestment of units and contributions					
	662,624	20,631	1,150	(227)	203
Redemptions and withdrawals					
	743,649	18,928	-	8,393	587
Net increase (decrease) in net assets from participant activity	<u>(81,025)</u>	<u>1,703</u>	<u>1,150</u>	<u>(8,620)</u>	<u>(384)</u>
Increase (decrease) in net assets	(81,075)	1,703	1,633	(7,206)	46
Net assets at beginning of period	1,938,142	194,173	273,264	292,484	111,507
Net assets at end of period	<u>\$ 1,857,067</u>	<u>\$ 195,876</u>	<u>\$ 274,897</u>	<u>\$ 285,278</u>	<u>\$ 111,553</u>