

BOARD OF TREASURY INVESTMENTS

CALENDAR NOTES

6 Month CD Auction

January 9, 2008

OPERATING REPORT

SEPTEMBER 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

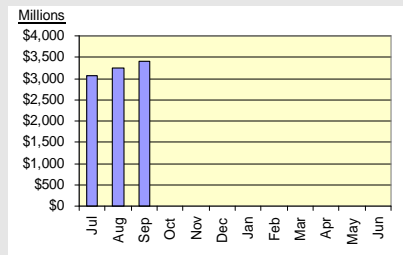
Glenda Probst,
CPA, CTP

Chief Financial Officer

Kara K. Brewer,
CPA, MBA

Total Net Assets Under Management

\$3,394,064,000



Last Month
\$3,236,513,000

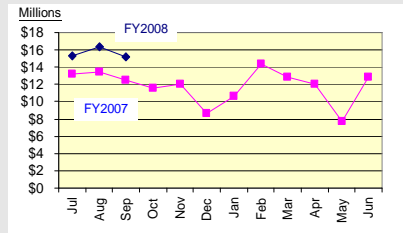
Beginning of Fiscal Year
\$2,923,172,000

16.1% Growth This Fiscal Year

Total Net Income & Gains

This Month \$15,243,000

Fiscal Year \$46,970,000

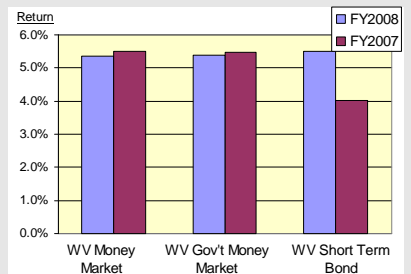


Outpacing Last Year

Effective Rates of Return

Time Weighted, Annualized, Net of All Fees

	Sept. 2007	Fiscal Year 2008	Fiscal Year 2007
WV Money Market	5.3%	5.3%	5.5%
WV Gov't Money Market	5.4%	5.4%	5.5%
	Fiscal Year 2008 (Past 12 Months)	Fiscal Year 2007 (Past 12 Months)	
WV Short Term Bond	5.5%	4.0%	



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
SEPTEMBER 2007

Exports Boost Economic Growth;
Home Building Falls to 12-Year Low

The U.S. unemployment rate rose to 4.7% in September, but job growth accelerated by 110,000 after a revised 89,000 increase in August. The August figure was originally reported as a decline, the first in four years. During the second quarter, the U.S. economy grew at a revised 3.8% annual growth rate, boosted by a surge in exports and the fastest pace in more than a year. Consumer spending slowed to a 1.4% annual pace from 3.7% the previous quarter. Residential construction dropped to a 12-year low and sales of previously owned homes dropped to a 5-year low in August. The number of properties on the market rose to a record in August and manufacturing slowed, suggesting second quarter growth will be the strongest of the year. U.S. consumer prices unexpectedly fell 0.1% in August as energy prices fell 3.2%, the largest decline since October. The core CPI, which excludes food and energy, rose 0.2% in August and 2.1% for the trailing twelve months. The Producer Price Index also fell more than forecast in August, dropping 1.4%, the biggest decline since October. The drop in the August PPI was led by a 6.6% decline in energy costs. Excluding food and energy costs, producer prices rose 0.2% in August. Over the last twelve months, the PPI and the core PPI only rose 2.2%. Oil prices reached record highs in September, topping \$83/barrel and consumer confidence fell to the lowest level in two years.

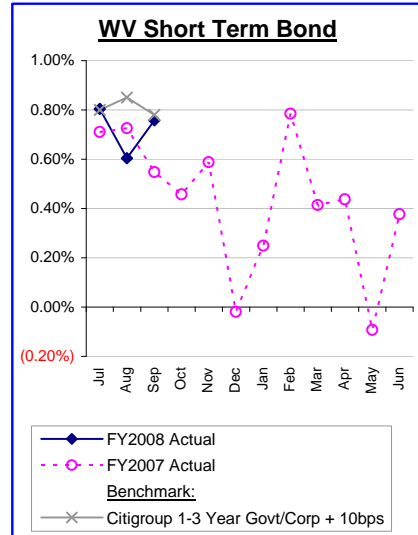
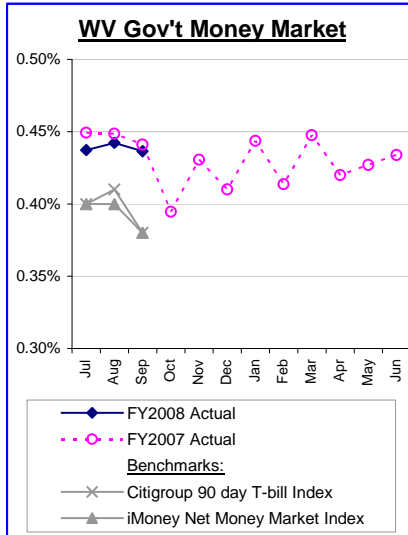
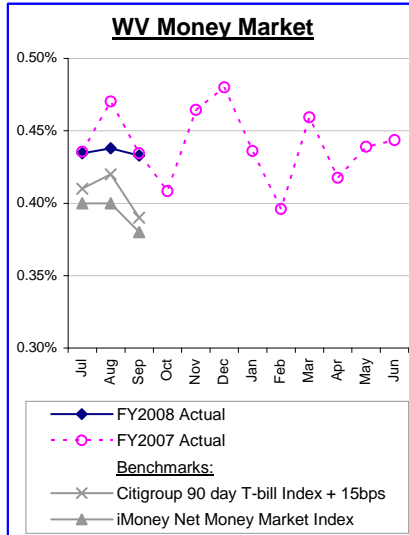
The Fed lowered the overnight lending rate at the September 18th meeting by a greater-than-expected half a point, dropping it to 4.75%, as inflation continued to recede and recession concerns increased. This was the first rate cut since 2003 and further cuts are expected if inflation remains under control. The Fed will next meet on October 31, 2007. For the month of September, the yield curve steepened as yields shifted lower on the short end of the curve, but increased slightly on the long end due to concerns about inflation. The 3- and 6-month Treasuries fell 31 and 13 bps to 3.80% and 4.08%, respectively. The 2-year Treasury yield declined 15 bps in September to 3.98%, while the 3-year Treasury dropped 13 bps to 4.02%. The 10-year Treasury yield rose 6 bps to 4.59% as the 30-year Treasury yield rose slightly to 4.84%, widening the yield spread between the 30-year and the 2-year Treasury to 85 bps.

Ninety-day T-Bills returned 0.38% in September, underperforming the 0.71% return of 1-3 Year Government Bonds. Year-to-date in 2007, 90-Day T-bills have earned 3.91%, while 1-3 Year Government Bonds have returned 4.86%. For the last 12 months, T-bills underperformed with a 5.21% return as 1-3 Year Government Bonds earned 5.81%.

West Virginia Board of Treasury Investments

Financial Highlights as of September 30, 2007

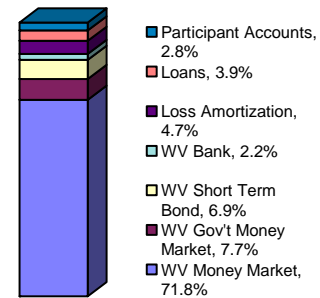
Monthly Rates of Return for Operating Pools *(Net of Fees)*



Summary of Value and Earnings *(In Thousands)*

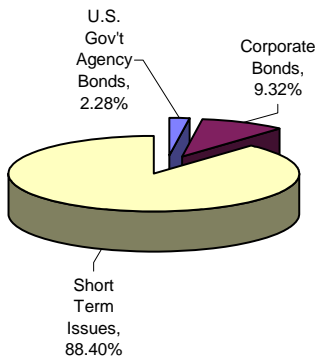
Pool	Asset Value	Sept. Net Income (Loss)	Fiscal YTD Net Income (Loss)
WV Money Market	\$ 2,435,186	\$ 10,237	\$ 29,378
WV Gov't Money Market	260,307	1,057	3,094
WV Short Term Bond	234,334	1,764	5,033
WV Bank	75,850	277	501
Loss Amortization	160,764	1,131	6,486
Loans	131,523	440	1,336
Participant Accounts	96,100	337	1,142
	<u>\$ 3,394,064</u>	<u>\$ 15,243</u>	<u>\$ 46,970</u>

Percent of Total Net Asset Value

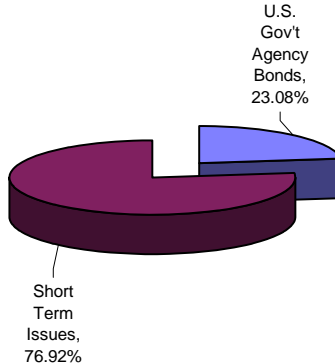


Securities by Type for Operating Pools *(Percentage of Asset Value)*

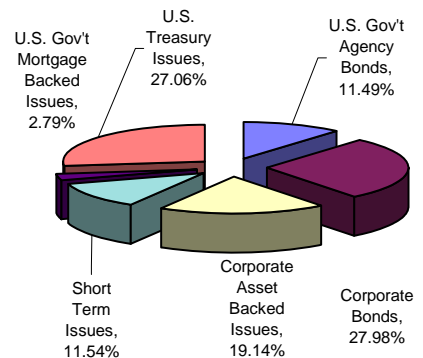
WV Money Market



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

SEPTEMBER 30, 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	\$ 2,431,033	\$ 259,910		\$ 75,000	\$ 131,085	\$ 46,364
At fair value	-	-	\$ 239,261	-	160,764	48,778
Collateral for securities loaned	426,068	34,619	63,509	-	-	-
Other assets	4,434	427	1,636	850	442	959
Total assets	<u>2,861,535</u>	<u>294,956</u>	<u>304,406</u>	<u>75,850</u>	<u>292,291</u>	<u>96,101</u>
Liabilities						
Payable for securities loaned	426,068	34,619	63,509	-	-	-
Other liabilities	281	30	6,563	-	4	1
Total liabilities	<u>426,349</u>	<u>34,649</u>	<u>70,072</u>	<u>-</u>	<u>4</u>	<u>1</u>
Net Assets	<u>\$ 2,435,186</u>	<u>\$ 260,307</u>	<u>\$ 234,334</u>	<u>\$ 75,850</u>	<u>\$ 292,287</u>	<u>\$ 96,100</u>
Investment income						
Interest and dividends	\$ 4,253	\$ 676	\$ 896	\$ 277	\$ 444	\$ 362
Securities lending income	1,753	200	255	-	-	-
Net accretion (amortization)	6,000	385	47	-	542	(19)
Provision for uncollectible loans	-	-	-	-	-	-
Total investment income	<u>12,006</u>	<u>1,261</u>	<u>1,198</u>	<u>277</u>	<u>986</u>	<u>343</u>
Expenses						
Fees	215	23	35	-	4	1
Securities lending borrower rebates	1,554	181	201	-	-	-
Total expenses	<u>1,769</u>	<u>204</u>	<u>236</u>	<u>-</u>	<u>4</u>	<u>1</u>
Net investment income	10,237	1,057	962	277	982	342
Net realized gain (loss)						
from investments	-	-	23	-	-	-
Net increase (decrease)						
in fair value of investments	-	-	779	-	589	(5)
Net gain (loss) from investments	<u>-</u>	<u>-</u>	<u>802</u>	<u>-</u>	<u>589</u>	<u>(5)</u>
Net increase (decrease) in net assets from operations	10,237	1,057	1,764	277	1,571	337
Distributions to participants	10,237	1,057	1,404	277	440	-
Participant activity						
Purchases, reinvestment of units and contributions	851,750	70,137	971	277	440	25
Redemptions and withdrawals	691,876	71,875	-	-	-	4,126
Inter-pool transfers in	-	-	-	25,000	-	-
Inter-pool transfers out	25,000	-	-	-	-	-
Net increase (decrease) in net assets from participant activity	<u>134,874</u>	<u>(1,738)</u>	<u>971</u>	<u>25,277</u>	<u>440</u>	<u>(4,101)</u>
Increase (decrease) in net assets	134,874	(1,738)	1,331	25,277	1,571	(3,764)
Net assets at beginning of period	2,300,312	262,045	233,003	50,573	290,716	99,864
Net assets at end of period	<u>\$ 2,435,186</u>	<u>\$ 260,307</u>	<u>\$ 234,334</u>	<u>\$ 75,850</u>	<u>\$ 292,287</u>	<u>\$ 96,100</u>