

BOARD OF TREASURY INVESTMENTS

CALENDAR NOTES

Next CD Auction
November 21, 2006
Next Board Meeting
January 25, 2007

OPERATING REPORT OCTOBER 2006

Board of Treasury Investments

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Charleston WV 25305
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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

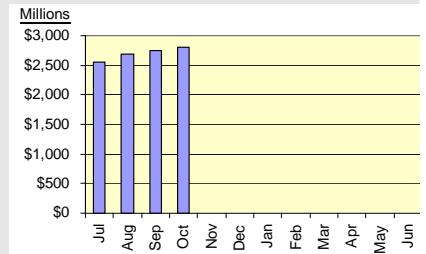
(Thousands)

\$2,809,570

Last Month
\$2,737,768

Beginning of Fiscal Year
\$2,481,176

13.2% Growth This Fiscal Year

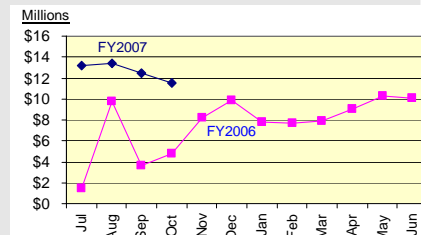


Total Net Income & Gains

(Thousands)

This Month \$11,522

Fiscal Year \$50,682

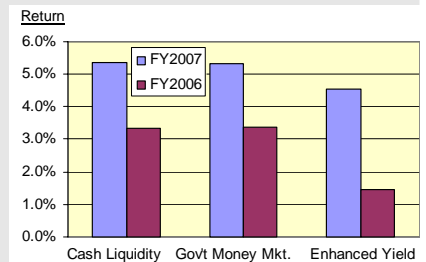


158.0% Over Last Year

Effective Rates of Return

Time Weighted, Annualized, Net of All Fees

	Oct. 2006	Fiscal Year 2007	Fiscal Year 2006
Cash Liquidity	5.0%	5.4%	3.5%
Gov't Money Mkt	4.8 %	5.3%	3.4%
	Fiscal Year 2007 (Past 12 Months)	Fiscal Year 2006 (Past 12 Months)	
Enhanced Yield	4.5%	1.1%	



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

OCTOBER 2006

Economic Growth Remains Slow

Unemployment rate continues to fall
Consumer, producer prices show mixed results
Treasury yields have moderate changes

The U.S. unemployment rate fell unexpectedly to 4.4% in October, reaching a new five-year low. The U.S. economy added 92,000 jobs in October following a revised 148,000 increase in September. The U.S. economy expanded at a 1.6% annual rate in the third quarter, the slowest pace in more than three years. 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 September reflecting cheaper energy costs. The core CPI, which excludes food and energy, rose 0.2% for a third consecutive month. Consumer prices rose 2.1% during the last twelve months ending in September while core prices rose 2.9% for the one-year period, the biggest twelve-month jump since February 1996. The Producer Price Index fell 1.3% in September, the most in more than three years, led by a record 22% decline in gasoline. Excluding food and energy costs, core producer prices rose 0.6% in September which followed back-to-back declines. Producer prices rose only 0.9% over the trailing twelve months as core prices rose 1.2%. Housing starts rebounded 5.9% in September from a three-year low in August. However, in October, consumers appeared less optimistic about the economy's strength as the consumer sentiment unexpectedly fell.

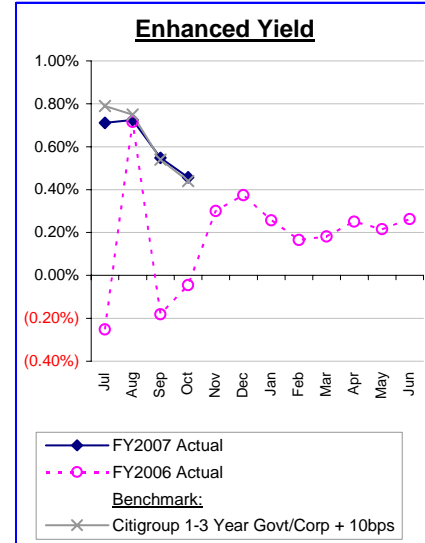
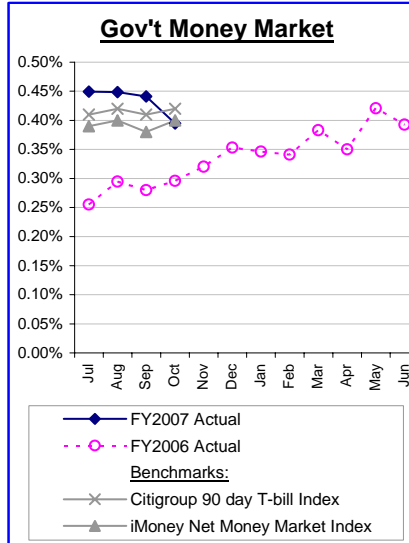
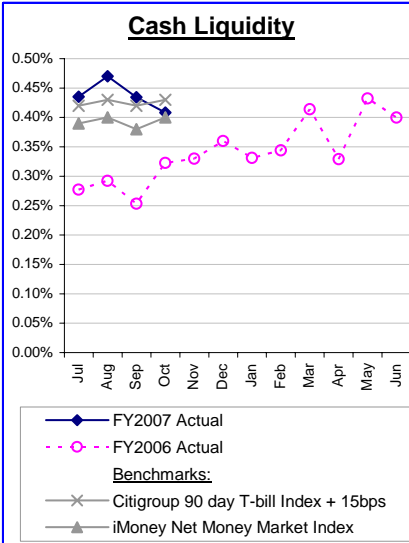
The Fed left the overnight lending rate at 5.25% in October, the third pause after raising rates a consecutive seventeen times, the longest stretch of increases in more than 25 years. Moderating inflation at both the consumer and producer level has allowed the Fed to take a break. For the month of October, yields shifted slightly lower on the long end of the curve. The 30-year Treasury yield fell 5 bps to 4.72% as the 10-year Treasury yield dropped 3 bps to 4.60%. The 5-year Treasury yield fell only 2 bps to 4.56% while the 3-year Treasury yield remained at 4.61% maintaining a slight inversion in the curve. The 2-year Treasury yield rose to 4.69% as the 6-month Treasury yield increased the most, rising 11 bps to 5.11%. The yield spread between the 30-year Treasury and the 2-year Treasury narrowed to only 2 bps.

Ninety-day T-Bills returned 0.38% in October, matching the 0.38% return of 1-3 Year Government Bonds. Year-to-date in 2006, T-bills continued to outperform with a 3.94% return as 1-3 Year Government Bonds earned 3.41%.

West Virginia Board of Treasury Investments

Financial Highlights as of October 31, 2006

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



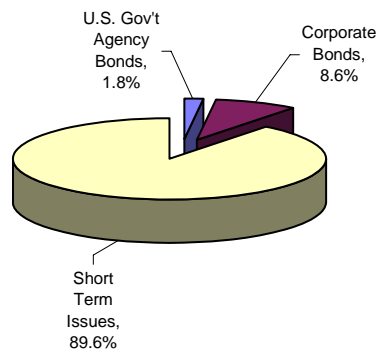
Summary of Value and Earnings *(In Thousands)*

Pool	Asset Value	Oct. Net Income (Loss)	Fiscal YTD Net Income (Loss)	Oct. Rate of Return	Fiscal YTD Rate of Return	Past 12 Month Rate of Return
Cash Liquidity	\$ 1,938,142	\$ 8,230	\$ 32,464	0.41%	1.76%	4.79%
Gov't Money Market	194,173	805	3,271	0.40%	1.75%	4.74%
Enhanced Yield	273,264	1,244	6,551	0.46%	2.46%	4.54%
Loss Amortization	152,298	698	6,355			
Loans	140,186	392	1,564			
Participant Accounts	111,507	153	477			
	<u>\$ 2,809,570</u>	<u>\$ 11,522</u>	<u>\$ 50,682</u>			

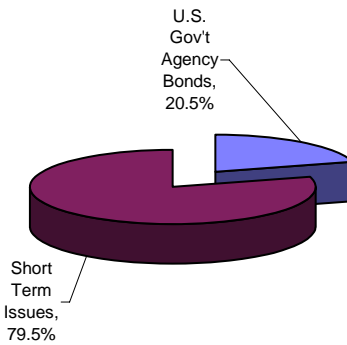
(Rates of return are net of fees and are presented only for pooled accounts.)

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

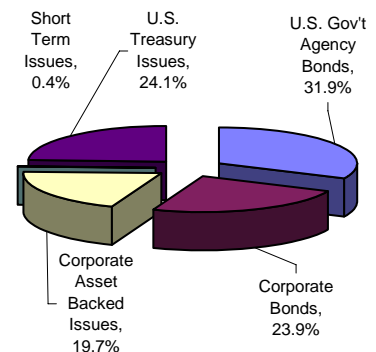
Cash Liquidity Pool



Gov't Money Market Pool



Enhanced Yield Pool



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

OCTOBER 31, 2006

(IN THOUSANDS)

	Cash Liquidity	Government Money Market	Enhanced Yield	Other Pools	Participant Directed Accounts
Assets					
Investments:					
At amortized cost	\$ 1,934,172	\$ 193,990		\$ 139,746	\$ 28,320
At fair value	-	-	\$ 268,213	152,298	82,707
Collateral for securities loaned	351,976	32,496	157,805	-	-
Other assets	4,284	213	6,228	445	482
Total assets	2,290,432	226,699	432,246	292,489	111,509
Liabilities					
Payable for securities loaned	351,976	32,496	157,805	-	-
Other liabilities	314	30	1,177	5	2
Total liabilities	352,290	32,526	158,982	5	2
Net Assets	\$ 1,938,142	\$ 194,173	\$ 273,264	\$ 292,484	\$ 111,507
Investment income					
Interest and dividends	\$ 3,180	\$ 314	\$ 1,078	\$ 397	\$ 162
Securities lending income	1,366	153	648	-	-
Net accretion (amortization)	5,148	500	39	540	(11)
Provision for uncollectible loans	-	-	-	-	-
Total investment income	9,694	967	1,765	937	151
Expenses					
Fees	151	16	32	5	1
Securities lending borrower rebates	1,314	146	634	-	-
Total expenses	1,465	162	666	5	1
Net investment income	8,229	805	1,099	932	150
Net realized gain (loss)					
from investments	1	-	3	-	-
Net increase (decrease)					
in fair value of investments	-	-	142	158	3
Net gain (loss) from investments	1	-	145	158	3
Net increase (decrease) in net assets from operations	8,230	805	1,244	1,090	153
Distributions to participants	8,229	805	1,100	392	-
Participant activity					
Purchases, reinvestment of units and contributions	679,682	45,098	988	392	78,662
Redemptions and withdrawals	674,427	59,205	-	384	-
Net increase (decrease) in net assets from participant activity	5,255	(14,107)	988	8	78,662
Increase (decrease) in net assets	5,256	(14,107)	1,132	706	78,815
Net assets at beginning of period	1,932,886	208,280	272,132	291,778	32,692
Net assets at end of period	\$ 1,938,142	\$ 194,173	\$ 273,264	\$ 292,484	\$ 111,507