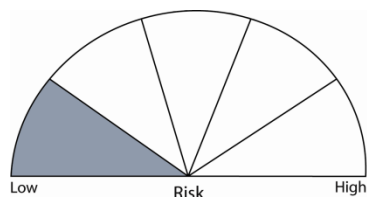


# Scarborough Alliance Corporation



## Objective of the Fund

The objective of the Stable Value Fund is to preserve your principal investment and generate a stable rate of return.



## Investment Strategy

The Fund invests in a diversified group of high-quality, fixed-income investments, consisting of:

- High-quality debt securities, including mortgage-backed, commercial mortgage-backed, asset-backed and corporate (credit) securities within contracts that are intended to minimize market volatility;
- Investment contracts which are obligations of credit-worthy life insurance companies;
- Short-term money market instruments and collective investment trusts, to the extent they are consistent with the investment objectives of the Fund.

The principal and interest from these investments are strategically reinvested.

## Fund Manager

The Dreyfus Corporation, a registered investment advisory firm, has managed the Stable Value Fund for the IBEW Local Union's Savings and Security Plan since January 1, 2002. Located in San Francisco, The Dreyfus Corporation's stable value team manages approximately \$18.0 billion\* in stable value assets. Headquartered in New York, The Dreyfus Corporation is one of the nation's largest asset managers specializing in fixed income securities.

\* Includes assets managed by The Dreyfus Corporation personnel acting as dual officers of The Bank of New York Mellon, which is another subsidiary of The Bank of New York Mellon Corporation.

## Stable Value Fund

September 30, 2009

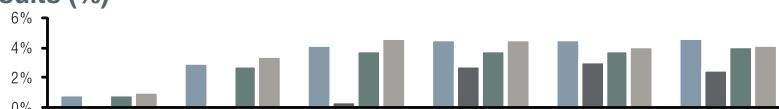
### Fund Characteristics

Assets: \$274.2 mm Yield: 3.93% Duration: 2.43 years Credit Quality: AA+

### Fund Performance

Investment personnel of The Dreyfus Corporation have managed the Stable Value Fund since January 2002. This Fund seeks to offer plan participants consistently higher returns than money market funds and US Treasuries of comparable maturity over a long-term investment horizon. The Fund seeks to preserve principal while the investment return typically fluctuates within a narrow range as interest rates rise and fall.

### Performance Results (%)



As of September 30, 2009	Quarter	YTD	1-yr	3-yrs	5-yrs	7-yrs
Stable Value Fund <sup>1</sup>	0.95	3.03	4.22	4.54	4.55	4.67
BofA ML 91 Day Treasury Index <sup>2</sup>	0.07	0.17	0.39	2.81	3.11	2.56
5 Year Rolling Treasury Index <sup>3</sup>	0.91	2.81	3.80	3.82	3.84	4.06
Ryan Labs 3-Year GIC Index <sup>4</sup>	1.09	3.42	4.65	4.59	4.10	4.16

### Performance by Year (%)

	2008	2007	2006	2005	2004	2003	2002
Stable Value Fund <sup>1</sup>	4.65	4.75	4.62	4.55	4.59	5.13	5.67
BofA ML 91 Day Treasury Index <sup>2</sup>	2.06	5.00	4.85	3.07	1.32	1.15	1.78
5 Year Rolling Treasury Index <sup>3</sup>	3.89	3.82	3.73	3.89	4.35	4.71	5.24
Ryan Labs 3-Year GIC Index <sup>4</sup>	4.79	4.52	3.77	3.19	3.44	4.60	5.96

All returns shown greater than one year are compound annual returns.

- Individual participant returns may vary slightly. Returns are shown before the deduction of investment management fees. Past performance is no guarantee of future results.
- The BofA Merrill Lynch 91-Day Treasury Bill Index is comprised of a single issue purchased at the beginning of the month and held for a full month. At the end of the month that issue is sold and rolled into a newly selected issue. The issue selected at each month-end rebalancing is the outstanding Treasury Bill that matures closest to, but not beyond, three months from the rebalancing date. To qualify for selection, an issue must have settled on or before the month-end rebalancing date. While the index will often hold the Treasury Bill issued at the most recent 3-month auction, it is also possible for a seasoned 6-month Bill to be selected.
- Represents the return of the blended average yield of a hypothetical portfolio of 5-Year US Treasury notes. The Index consists of 5-year US Treasury notes purchased over a sixty month period. Each month the Index invests in the "on-the-run" 5-year Treasury note and sells the security purchased sixty months prior.
- Represents the blended average yield of a hypothetical portfolio of thirty-six 3-year GIC contracts. Each month, the index invests in a GIC with a yield equal to the average of the ten highest quotes of highly-rated GIC issuers (each issuer must meet specific quality constraints). The index has a duration of approximately 1.5 years.

### Market Commentary

Amidst a domestic economic backdrop perhaps best described as having transitioned from recession to recovery, credit spreads continued to tighten throughout the third quarter while intermediate term interest rates moved slightly lower. By quarter end the two-year US Treasury note yield declined 16 basis points to 0.94% and the five-year US Treasury note yield declined 24 basis points to 2.31%. Without question, headwinds still persist, namely 9.8% unemployment, burdensome debt levels and tight credit conditions, however, recent stabilization in the housing sector, encouraging retail sales and increased industrial output indicate the worst may be behind us. Growth, as measured by Gross Domestic Product (GDP), contracted just 0.7% in the second quarter, better than the 1.1% decline previously estimated. Third quarter GDP is forecast to turn positive marking a turning point for the domestic economy and providing further indication that the worst recession in seventy years is over. In terms of ongoing liquidity in the broader fixed income marketplace, the Federal Reserve continues to "employ a wide range of tools to promote economic recovery and to preserve price stability." The Federal Reserve's purchases of \$300 billion in US Treasury securities will be completed by the end of October while purchases of \$1.25 trillion of agency mortgage backed securities and up to \$200 billion of agency debt will be completed by the end of the first quarter of next year. With the target Federal Funds rate reaffirmed at zero to 0.25% the Federal Reserve is delivering a clear message that cost pressures continue to be dampened and longer-term inflation expectations remain stable.

**What is Stable Value**

Stable value is a unique asset class offering defined contribution plan investors preservation of principal while generating a stable rate of return in their retirement account. Stable value offers participants intermediate-term (3-5 years) fixed income returns with significantly less volatility than a bond fund which can fluctuate in value and lose principal depending on market conditions.

**Advantages of Stable Value**

Over an interest rate cycle, stable value funds typically outperform money market funds by 150-200 basis points, even during periods of rising interest rates.

Comparable duration bond funds are significantly more volatile than stable value funds.

Stable value funds have daily liquidity that is comparable to both money market and bond funds.

**How Stable Value Works**

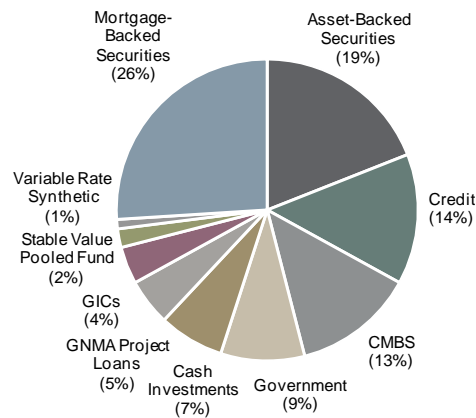
Stable value funds invest in a diversified group of high-quality, fixed-income investments that are held by the plan within investment contracts intended to minimize market volatility. The contracts are issued by highly rated banks and insurance companies and will hold investments which include high-quality debt securities. Stable value funds will also include investment contracts which are direct obligations of credit-worthy life insurance companies and commercial banks, as well as short-term money market instruments and collective investment trusts that are consistent with the objectives of stable value.

The investments contracts within the fund are accounted for at book value (amount invested plus accrued interest). The contracts guarantee book value payments for daily participant-directed withdrawals such as transfers, loans and retirement disbursements, regardless of the market value of the underlying investment. The interest rate risk is absorbed by the investment contracts and each quarter the contract crediting rates are calculated and restated using the market value, book value, current yield-to-maturity and duration of the underlying investments. The contract rates are blended into an overall crediting rate that is applied to the investors account.

**Portfolio Diversification**

Diversification reduces portfolio risk by decreasing sector and company-specific exposure. Fund assets are managed in an effort to diversify across many fixed income asset sectors and, within those sectors, to diversify among multiple issuers. 45% of the Fund is invested in Barclay's Global Investors collective bond index funds. These collective bond index funds hold over 4,000 securities with a total market value that exceeds \$43 billion. However, diversification does not ensure a profit or guarantee against a loss.

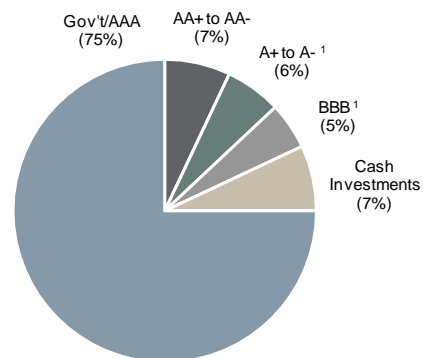
**Sector Diversification as of September 30, 2009**



**Portfolio Guideline Standards**

Scarborough Alliance Corporation works with The Dreyfus Corporation to develop and maintain strict guideline standards for the Stable Value Fund. The financial health of every institution considered as an investment issuer for the Fund is analyzed to ensure that these standards are upheld.

**Credit Quality (Standard & Poor's) as of September 30, 2009**



<sup>1</sup> Standard and Poor's A and BBB credit quality issues reside within the well-diversified indexed portfolios.

**Additional Information**

The Stable Value Fund is not a mutual fund, therefore it does not have a ticker symbol or CUSIP. It is a separately managed account solely for the benefit of participants in the IBEW Local Union Savings and Security Plan. If you would like more information on the Stable Value Fund, contact Scarborough Alliance at 800-223-7608.

Note: There can be no guarantee that the Fund's objective will be achieved, and current investments are subject to potential loss if the issuing institutions suffer insolvency. Some information contained herein has been obtained from third-party sources and has not been independently verified by The Dreyfus Corporation. Therefore, The Dreyfus Corporation makes no representations as to the accuracy or the completeness of any of the information herein.