The membership of the Committee on Finances for 2005-06 is:

Richard L. Meyer, Chair
Francisco Ayala
Lynn Margulis
Arthur M. Geller
W. Franklin Gilmour
Lawrence M. Kushner
Raymond P. Lutz
Richard E. Miller
Patrick Sculley
Ann H. Williams
James F. Baur, Guest

The Committee on Finances met on March 10, 2006, at the Sigma Xi Center in Research Triangle Park, North Carolina, to review the status of the FY2006 budget, to review the performance of Sigma Xi's investments, and to recommended a draft budget which reflected the needs for support services, programs and activities and capital expenses for FY 2007 to the Board of the Corporation. The purpose of the Programs and Support Services Fund is to provide annual support for programs, research and Society operations. The purpose of the Building Fund is to finance the amortization of the notes on and maintenance of the new Sigma Xi Center.

As of June 30, 2006, the balances in these funds were as follows:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Cost</th>
<th>Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Programs &amp; Support Services</td>
<td>$12,778,277</td>
<td>$13,067,310</td>
</tr>
<tr>
<td>Building</td>
<td>$1,502,330</td>
<td>$1,488,936</td>
</tr>
<tr>
<td>Total</td>
<td>$14,280,607</td>
<td>$14,556,246</td>
</tr>
</tbody>
</table>

Dividend/interest yields and total returns, based on cost, for these funds on June 30, 2006 were:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Dividend and Interest Yield, Percent</th>
<th>Total Return Including Realized Capital Gains, Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program &amp; Support Services</td>
<td>3.03</td>
<td>5.97</td>
</tr>
<tr>
<td>Building</td>
<td>5.17</td>
<td>4.73</td>
</tr>
</tbody>
</table>

The Committee on Finances reviewed the performance of Tanglewood Asset Management Corporation (TAMCO). The committee expressed confidence in the investment strategy of TAMCO and complemented them on their performance to date. Throughout the period returns have exceeded benchmarks by 180-280 basis points. In consultation with TAMCO the committee recommended to the board a modification to the investment policy. This modification allowed for a stratified decision making
process. This change would allow the Society to be more nimble and capitalize upon market opportunities. The recommended allocation ranges and target policy are summarized as follows: TAMCO operating targets 70% equities and 30% fixed income; Treasurer and Executive Director must approve an allocation to equities above 75% or below 40%; Board of the Corporation must approve allocation to equities above 80% or below 35% and investment manager shall be monitored on an ongoing basis by Treasurer and Executive Director for return relative to objectives and investment risk. (Note: Board approved modification to investment policy at its April 29, 2006 meeting.)

The Programs & Support Services Fund yields reflect the decision of the Board of Directors to favor long-term growth potential over short-term yields. The management and investment objectives are to preserve and grow real purchasing power while providing a predictable and growing stream of income; earn a total equal to the spending rate; and earn average annual return over a market cycle at least equal to a weighted benchmark of 70% S&P 500 Stock Index and 30% Lehman Aggregate Bond Index. As the result of the 4.36 percent Market Allowance draw for the operation of the Society and the modest market conditions over the past year the market value of Sigma Xi Support Services and Programs Fund decreased 0.90 percent from July 1, 2005 to June 30, 2006. However, the Committee is confident that the new investment strategy will continue to produce improved investment performance and recognizes the need to control the Market Value Allowance draw.

The Committee recommended that the Building Fund Portfolio funds be managed in reference to the current note repayment strategy. These investment objectives include extending the life of the fund as long as possible, preserving principle and earning a total return, net of fees, at least equal to short-term, high quality fixed income alternatives. During FY2006 the building was refinanced through a more favorable instrument. The Building Fund decreased 31.66 percent during the fiscal year. This decrease is the result of monies withdrawn for principle and interest payment to retire the mortgage on the Sigma Xi Center. (Currently we are paying interest on the note.) At the present rate of draw versus earnings the fund will be exhausted to a reserve level by the end of FY2008.

The Chair wishes to publicly acknowledge the extensive effort by Dr. Patrick Sculley, Executive Director, and staff, the wise council and commitment of the Committee and the encouragement of the Executive Committee as well as the unanimous support of the Board of Directors. The Society is being efficiently managed and well served.

Richard L. Meyer
Chair