The membership of the Committee on Finances for 2006-07 is:

Richard L. Meyer, Chair
James F. Baur
James W. Porter
Arthur M. Geller
W. Franklin Gilmour
Lawrence M. Kushner
Raymond P. Lutz
Richard E. Miller
Millicent Goldschmidt
Phillip Carter
Ann H. Williams, Guest

The Committee on Finances met on March 9, 2007, at the Sigma Xi Center in Research Triangle Park, North Carolina, to review the status of the FY2007 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 2008 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, 2007, 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>$13,073,572</td>
<td>$14,157,267</td>
</tr>
<tr>
<td>Building</td>
<td>$1,279,342</td>
<td>$1,252,675</td>
</tr>
<tr>
<td>Total</td>
<td>$14,352,914</td>
<td>$15,409,942</td>
</tr>
</tbody>
</table>

Dividend/interest yields and total returns, based on cost, for these funds on June 30, 2007 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>3.23%</td>
<td>7.88%</td>
</tr>
<tr>
<td>Building</td>
<td>6.24%</td>
<td>6.39%</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 44 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 60%; Board of the Corporation must approve allocation to equities above 80% or below 55% 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 21, 2007 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 8.12 percent Market Allowance draw for the operation of the Society during fiscal year 2007. However, the Committee is confident that the adjusted 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. Also, the committee recommended continuing to investigate alternate financing strategies for the Sigma Xi Center. The Building Fund decreased 23.65 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. At the present rate of draw versus earnings the fund will be exhausted to a reserve level during the first quarter of FY2009.

The Chair wishes to publicly acknowledge the extensive effort by Ms. Jasmine Shah, Assistant Treasurer and Director of Financial Services, 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 thoughtfully served for the committee, financial staff and the Board.

Richard L. Meyer
Chair