

Report of Independent Auditors

To the Board of Trustees of The University of Alabama and
the President of The University of Alabama in Huntsville:

In our opinion, the accompanying statements of net assets and the related statements of revenues, expenses, and changes in net assets, and of cash flows present fairly, in all material respects, the respective financial position of The University of Alabama in Huntsville (the “University”), a campus of The University of Alabama System, which is a component unit of the State of Alabama, and its discretely presented component unit at September 30, 2005, and the respective changes in financial position and cash flows of the University and its component unit for the year then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the University’s management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. The financial statements of the University and its discretely presented component unit as of September 30, 2004 and for the year then ended were audited by other auditors whose report dated November 24, 2004 expressed an unqualified opinion on those statements.

The management’s discussion and analysis on pages 3 through 11 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

In accordance with Government Auditing Standards, we have also issued our report dated January 19, 2006 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, for the year ended September 30, 2005. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

PricewaterhouseCoopers LLP

January 19, 2006