

# **Universal Display Corporation**

## **Code of Ethics and Code of Conduct for Employees**

### **Excerpted from Universal Display Corporation's Corporate Policies and Procedures**

**December 20, 2006  
Revised**

#### **Statement of Purpose**

Our corporate mission at UDC is to develop and commercialize innovative technologies and high-quality materials for OLEDs and other organic electronic devices. Our success depends on creative, productive employees who are empowered to think "outside the box" and who are motivated to seek innovative solutions to difficult problems. Your job, every job, is essential to fulfilling our mission.

To succeed, we must also earn the trust and respect of our customers and business partners. We will achieve this only through dedicated hard work and commitment from each employee. From top to bottom, UDC management desires that every employee succeed in his or her job. These corporate policies and procedures are intended to assist you in this endeavor. Additionally, these policies and procedures are designed to encourage fair treatment for all employees at UDC.

These corporate policies and procedures provide general guidance for business conduct by UDC personnel but do not address all possible situations that may arise. All employees should take the time to think about the ramifications of their business decisions. You should feel free to contact your supervisor or the General Counsel at any time for assistance with business conduct, ethical or other issues of concern.

#### **Business Conduct and Ethics**

##### **Compliance With Law**

UDC actively promotes compliance with all laws, rules and regulations that govern our business. Obeying both the letter and spirit of the law is one of the foundations of UDC's ethical standards. While no one is expected to be an expert on all of the laws that govern UDC's business, all UDC personnel are expected to have a basic understanding of the particular laws and regulations, if any, applicable to their designated responsibilities at UDC. If in doubt as to the proper course of conduct, you should always seek advice from your supervisor or the General Counsel.

These policies and procedures have been written to promote compliance with applicable law. However, should compliance with these policies and procedures

bring you into conflict with applicable law, you should obey the law and notify your supervisor or the General Counsel of the conflict as soon as possible. If you are concerned about a potential conflict, you should bring it to the attention of your supervisor or the General Counsel as soon as possible.

### **Compliance With Internal Financial Controls**

UDC maintains a system of internal financial controls designed to ensure that business transactions are properly authorized and conducted. Many UDC personnel are involved, if not in the authorization or execution of business transactions for the Company, in their reporting or recordkeeping. This may include, for example, reporting travel and entertainment expenses for reimbursement or recording work hours on a timesheet. It is important that all reports and records of business transactions be truthful, accurate and, where applicable, consistent with the Company's documented financial control procedures.

All business transactions on behalf of the Company require authorization at an appropriate management level. Questions regarding the required authorization for specific business transactions, if not addressed by the Company's documented financial control procedures, should be directed to the Chief Financial Officer or the Company's Controller. All UDC personnel who are responsible for the acquisition or disposition of Company assets, or who are authorized to enter into obligations or incur liabilities on the Company's behalf, should act prudently in exercising this authority and should be careful not to exceed their authority.

### **Conflicts of Interest and Corporate Opportunities**

UDC personnel should avoid engaging in any outside business or other activity that creates an actual or perceived conflict of interest, or that otherwise jeopardizes UDC's integrity or reputation. A "conflict of interest" occurs when an individual's personal or other external interests interfere, or appear to interfere, with the business interests of UDC. While it is impossible to foresee every potential conflict of interest that might arise, you must be sensitive to potential conflicts of interest, bring them to the attention of your supervisor, the General Counsel or the Board of Directors of the Company, and avoid them where reasonably practicable. If a conflict cannot be avoided, it needs to be managed in an ethical and responsible manner.

All UDC personnel owe a duty to UDC to advance the Company's legitimate business interests to the best of their ability. You may not take for yourself, or direct to your family members, any opportunities you discover through the use of UDC property or information, or your position with the Company, if such opportunities might reasonably be of interest to UDC. In addition, you may not use UDC property or information to compete with UDC.

You are required to disclose promptly to your supervisor or the General Counsel any outside employment, consulting or other similar activities of a material nature in which you are or intend to become engaged. Such activities would include, for example, service as a consultant to, or a director, manager, partner, trustee or

member of, another business entity. No UDC employee may engage in employment, consulting or other similar activities for a business competing with or relating to that of UDC without consent of the President or the Board of Directors.

### **Insider Trading**

All UDC personnel and their family members are prohibited from buying or selling any Company securities, or buying, selling or exercising any option or other right to buy or sell such securities, while in the possession of material non-public information regarding the Company. In addition, all UDC personnel are required to maintain the confidentiality of material non-public information regarding the Company that they may possess, and may not give advice or make recommendations regarding investments in any securities of UDC based on any such material non-public information. Information is "material" if there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision, or it could reasonably be expected to affect the price of UDC's securities.

To avoid potentially improper trading activity, UDC policy requires that you obtain approval from the General Counsel before you, or members of your family, buy or sell any Company securities, or acquire, dispose of or exercise any option or other right to buy or sell such securities. Trading in options, warrants, puts and calls or similar instruments on any Company securities, or selling any Company securities "short," is prohibited. The foregoing restriction on trading does not limit you from exercising options, warrants or other similar rights granted to you by UDC, provided the requisite approval from the General Counsel has been obtained.

### **Public Statements and Media Inquiries**

The Securities and Exchange Commission's Regulation FD prohibits the disclosure of material non-public information to securities market professionals and investors who may trade on the basis of that information. Regulation FD requires that any disclosure of material non-public information be made by simultaneous broad dissemination to the public. Accordingly, UDC policy prohibits the disclosure of material non-public information about UDC to anyone outside of the Company (other than to persons who are obligated to maintain the confidentiality of and not improperly use that information) unless the information is disclosed to the public at the same time. This includes disclosures of information in connection with making speeches or giving interviews or talks at conferences.

If you receive a request from someone outside the Company for material non-public information—for example, seeking guidance about UDC's quarterly financial results or asking for confirmation of a rumor—you should not respond. Instead, you should ask for the person's name and telephone number and contact your supervisor or the Chief Financial Officer. Only the Chief Financial Officer or other designated UDC spokespersons may provide comments to the media or others outside of the Company.

If you believe that an unauthorized disclosure of material non-public information about UDC may have occurred, you should immediately contact the General Counsel. Certain inadvertent disclosures of material non-public information can be “cured” by appropriate and prompt follow-up disclosure to the public.

### **Improper and Corrupt Payments**

The U.S. Foreign Corrupt Practices Act (FCPA) and other anti-bribery laws prohibit persons from offering, giving or promising any money or other thing of value to government officials, political parties or candidates for public office for the purpose of improperly influencing their actions or decisions in order to obtain or retain business, or to direct business to any person. In addition, federal law prohibits persons from offering, soliciting, providing or accepting any kickback in connection with the award of a government contract or subcontract. A “kickback” is any money, fee, commission, credit, gift, gratuity or other thing of value, including entertainment, that is provided in order to improperly obtain favorable treatment in connection with a government contract or subcontract.

UDC is committed to full compliance with the FCPA and other anti-bribery and anti-kickback laws. Accordingly, you may not make or offer, directly or indirectly, any bribes, payoffs or payments of any kind to any government official or other person to improperly obtain or retain business, or to influence consideration of any business activity. In addition, you may not accept or receive kickbacks from any person or entity with which UDC does or seeks to do business. If you suspect that an activity you are involved in may violate any of the above requirements, or if you become aware of such activity by other UDC personnel, you should notify your supervisor or the General Counsel immediately.

### **Lobbying Activities**

Federal law prohibits the use of federal funds to influence, or attempt to influence, any officer or employee of any government agency, Member of Congress or officer or employee of Congress, or employee of a Member of Congress in connection with the awarding, making, extension, continuation, renewal, amendment or modification of any federal contract, grant, loan or cooperative agreement. In addition, UDC has certain disclosure obligations if any other funds are paid by UDC, or will be paid by UDC, to any person conducting lobbying activities on the Company’s behalf. For these reasons, approval by the President is required before any UDC funds may be used for lobbying activities.

### **Special Government Contract Requirements**

UDC is prohibited by law from contracting or doing business under its government programs with any person or entity that is currently debarred, suspended, proposed for debarment or declared ineligible to perform work under any government contract or subcontract. To ensure compliance with this requirement, UDC undertakes to verify that persons and entities proposed to perform work on a UDC government program are not prohibited from doing so. Before approving any

subcontract or other agreement for the performance of such work, you should check with the General Counsel to confirm that this has been verified.

Under federal law, all cost and pricing data submitted to the government must be certified as "current, accurate and complete." Compliance with this requirement is an essential part of doing business with the government and all UDC personnel who participate in any government program or the government proposal or contracting process should be aware of this requirement and should work to ensure proper compliance. If there is a question about whether or not certain cost and pricing data satisfies this requirement, you should contact your supervisor or the Chief Financial Officer immediately.

## **Recordkeeping and Disclosure Obligations**

### **Proper Recordkeeping**

UDC requires the honest and accurate recording of financial and other information in order to make responsible business decisions and provide an accurate accounting of the Company's performance to shareholders and regulators. UDC personnel are prohibited from attempting to improperly influence or mislead the Company's auditors or others through the falsification of records or other documents.

### **Record Retention and Destruction**

All documents and other records (including e-mail and other electronic records) should be retained for so long as they are (1) necessary for the current conduct of UDC's business; (2) required to be kept by law or regulation; or (3) relevant to pending or foreseeable investigations or disputes. If you are in doubt as to the length of time for which particular records should be retained, contact your supervisor or the General Counsel for guidance.

All UDC personnel should be aware that it is a criminal offense to destroy records that are subject to a subpoena or other legal process. Once a legal proceeding has begun, or even when one is threatened or reasonably likely, federal and state obstruction-of-justice statutes require UDC to preserve records relevant to the issues in that proceeding, even before discovery of those records is requested. Persons violating this requirement may face criminal or civil prosecution.

### **Disclosure Requirements**

UDC is committed to full compliance with all requirements applicable to its public disclosures. As a result, UDC's financial and other reports must fairly present the financial condition, results of operations and cash flows of the Company, and must comply in all material respects with applicable laws and regulations. These include generally accepted accounting principles (GAAP) and the rules of the Securities and Exchange Commission (SEC) and the Nasdaq Stock Market, Inc. (NASDAQ).

UDC has implemented disclosure controls and procedures designed to ensure that its public disclosures are timely, compliant and otherwise full, fair, accurate and

understandable. All UDC personnel responsible for the preparation of UDC's public disclosures, or who provide information as part of that process, are responsible for ensuring that such disclosures and information are complete, accurate and communicated in a timely manner.

## **Investigations and Violations**

### **Cooperation With Investigators and Law Enforcement**

UDC policy is to reasonably cooperate with all government investigators, law enforcement officials and non-governmental regulators responsible for overseeing the Company's business. All inquiries and requests or demands for information from external investigators should be referred immediately to the General Counsel. The General Counsel will coordinate all responses to external investigators' questions. Failure to cooperate with legitimate investigations may result in disciplinary action, up to and including termination of your employment.

### **Reviews, Investigations and Disciplinary Action**

UDC may conduct periodic reviews of compliance with these policies and procedures. Allegations of potential wrongdoing will be investigated and, in appropriate circumstances, will be reported to the Board of Directors (or an appropriate committee thereof) and/or the relevant authorities. Persons that knowingly make false accusations of misconduct are subject to disciplinary action, up to and including termination of their employment. All UDC personnel are required to cooperate fully with any internal investigation and to maintain the confidentiality of the investigation and any related documentation, unless disclosure is approved by the General Counsel or required by law.

Appropriate disciplinary penalties for violations of these policies and procedures may include counseling, reprimands, warnings, suspensions with or without pay, demotions, salary reductions and terminations. Disciplinary action may also extend to a violator's supervisor insofar as UDC determines that the violation involved the participation of the supervisor or reflected the supervisor's lack of diligence in enforcing compliance with these policies and procedures.

UDC does not guarantee that one form of disciplinary action will necessarily precede another, and UDC reserves the right, at all times, to take whatever disciplinary action it deems appropriate, up to and including a termination of employment. Prior notification is not a prerequisite for termination or any other form of disciplinary action. Nothing herein should be construed as modifying the at-will nature of the employment relationship between UDC and its employees.

### **Obligation to Report Violations**

All UDC personnel are responsible for acting quickly and effectively against violations of these policies and procedures. If at any time you find yourself in a situation that you believe involves or might reasonably involve a violation of these policies and procedures, you should promptly report the matter to your supervisor

or the General Counsel. If you become aware that others are contemplating actions that would violate these policies and procedures, you should take steps to immediately inform your supervisor or the General Counsel of the situation. In lieu of reporting a violation or potential violation directly to your supervisor or the General Counsel, you may utilize the reporting procedures described below.

### **Reporting Procedures**

UDC has established several processes for reporting concerns about violations of these policies and procedures or other forms of misconduct or unethical activity, including concerns regarding questionable internal accounting controls or methods and fraudulent conduct. You can report such concerns by writing to the General Counsel at the following address:

Universal Display Corporation  
Attn: General Counsel  
375 Phillips Blvd.  
Ewing, NJ 08618

You also can report your concerns by sending an e-mail message to a special e-mail address that UDC has communicated separately to all employees. Messages sent to this e-mail address are received by an outside service provider who then transmits a separate e-mail message to the Company's Board of Directors and the General Counsel.

In addition, the Audit Committee of the Company's Board of Directors has established procedures for the receipt, retention and handling of complaints regarding accounting, internal accounting controls or auditing matters. UDC personnel preferring to write directly to the Audit Committee may do so by sending a letter to the following address:

Chair of the Audit Committee  
c/o Corporate Secretary  
Universal Display Corporation  
375 Phillips Blvd.  
Ewing, NJ 08618

Messages sent to the Company's outside e-mail service provider will also be received by the Audit Committee, as well as other members of the Board of Directors and the General Counsel.

UDC personnel not wanting to identify themselves may choose to report their concerns or their send complaints or messages anonymously. E-mail messages sent to the Company's outside e-mail service provider will be transmitted to the Board of Directors and the General Counsel without identifying the e-mail address of the original sender. In addition, all reports, complaints and messages received by UDC or the Audit Committee will be kept confidential and not disclosed to third parties unless required by law or for the protection of the Company.

### **Protection Against Retribution**

UDC does not permit and will not tolerate retaliation against any UDC personnel for reporting in good faith a violation or perceived violation of these policies and procedures, or of applicable laws, regulations or other requirements. As provided by law, UDC may not fire, demote, suspend, harass or discriminate against any person who lawfully provides information to, or otherwise assists or participates in, any investigation or proceeding by a regulatory or law enforcement agency, or by the Company itself, relating to what such person reasonably believed was an act of fraud or a violation of applicable law.

### **Waivers and Modifications**

Waivers of these policies and procedures will be granted only when determined to be appropriate under the circumstances and in accordance with applicable law. A waiver of these policies and procedures for any UDC executive officer will be granted only by the Board of Directors or an authorized committee thereof. All such waivers will be disclosed to shareholders and the public as and when required by applicable law or regulation. Subject to the foregoing, UDC reserves the right, in its sole discretion, to modify, supplement, rescind or deviate from these policies and procedures at any time, with or without prior notice.