



Press Release

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FOR IMMEDIATE RELEASE

**UNIVERSAL DISPLAY CORPORATION ANNOUNCES
FIRST QUARTER 2009 FINANCIAL RESULTS**

Ewing, New Jersey — May 7, 2009 — Universal Display Corporation (NASDAQ: PANL), a key innovator behind today's and tomorrow's evolving displays and lighting with its Universal PHOLED™ phosphorescent OLED technology, today announced its results for the quarter ended March 31, 2009.

For the first quarter of 2009, the Company reported a net loss of \$5,569,599 or \$(0.15) per diluted share, versus a net loss of \$4,193,385, or \$(0.12) per diluted share, for the first quarter of 2008. The increase in net loss was primarily due to an increase in operating expenses and a decrease in interest income.

Revenues for the first quarter of 2009 were \$2,833,858, compared to \$2,716,819 for the first quarter of 2008. Commercial revenue, which includes commercial chemical revenue, license and royalty revenues, and commercialization assistance revenue, was \$1,369,137 for the quarter, compared to \$1,555,065 for the first quarter of 2008.

Developmental revenue, which includes development chemical revenue, contract research revenue, and technology development revenue, was \$1,464,721 for the quarter, compared to \$1,161,754 for the first quarter of 2008.

Operating expenses were \$8,827,456 for the first quarter of 2009, compared to \$7,823,731 for the same quarter of 2008. Operating expenses for the quarter were consistent with expectations and included an increase quarter-over-quarter in R&D spending associated with the scale up and acquisition of long-lead time raw materials for the Company's OLED material business. Selling, general and administrative expenses remained relatively consistent over the corresponding periods.

“We are pleased that revenues in the first quarter of 2009 saw modest gains quarter-over-quarter,” said Sidney D. Rosenblatt, Executive Vice President and Chief Financial Officer of Universal Display. “While the economy continues to see its share of challenges, our licensees and partners remained focused on manufacturing and selling OLED displays on a global scale. Our technology continues to be a key differentiator for the next generation of consumer electronics. Right now, these products are primarily personal electronic devices like MP3 players and cell phones. However, the industry has larger area displays, including TVs and computer monitors, in its sights for 2010.”

Cash used in operating activities was \$4,505,171 for the three months ended March 31, 2009, compared to \$2,645,283 for the same period in 2008. The increase in cash used in operating activities was due mainly to an increased loss for the first quarter of 2009, compared to the same period in 2008. In addition, cash used in operating activities increased as a result of reducing accounts payable and accrued expenses during the first quarter of 2009.

The Company's balance sheet remained strong at quarter end, with cash, cash equivalents and short-term investments totalling \$72,181,005 as of March 31, 2009, compared to \$77,454,200 as of December 31, 2008.

About Universal Display Corporation

Universal Display Corporation is a world leader in developing and commercializing innovative OLED technologies and materials for use in flat panel displays, solid-state lighting products, electronic communications and other opto-electronic devices. Universal Display is working with a network of world-class organizations, including Princeton University, the University of Southern California, the University of Michigan, and PPG Industries, Inc. Universal Display has also established numerous commercial relationships with companies such as Chi Mei EL Corporation, DuPont

Displays, Inc., Konica Minolta Technology Center, Inc., LG Display Co., Ltd., Samsung Mobile Display Co, Ltd., Seiko Epson Corporation, Sony Corporation, Tohoku Pioneer Corporation and Toyota Industries Corporation. Universal Display currently owns or has exclusive, co-exclusive or sole license rights with respect to more than 940 issued and pending patents worldwide.

Universal Display is located in the Princeton Crossroads Corporate Center in Ewing, New Jersey. Universal Display's state-of-the-art facility is designed to further technology and materials development, technology transfer to manufacturing partners and work with customers to develop OLED products that meet their needs. Visit Universal Display on the Web at www.universaldisplay.com.

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All statements in this document that are not historical, such as those relating to Universal Display Corporation's technologies and potential applications of those technologies, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. You are cautioned not to place undue reliance on any forward-looking statements in this document, as they reflect Universal Display Corporation's current views with respect to future events and are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated. These risks and uncertainties are discussed in greater detail in Universal Display Corporation's periodic reports on Form 10-K and Form 10-Q filed with the Securities and Exchange Commission, including, in particular, the section entitled "Risk Factors" in Universal Display Corporation's annual report on Form 10-K for the year ended December 31, 2008, as amended. Universal Display Corporation disclaims any obligation to update any forward-looking statement contained in this document.

UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	<u>March 31,</u> <u>2009</u>	<u>December 31,</u> <u>2008</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 6,064,487	\$ 28,321,581
Short-term investments	66,116,518	49,132,619
Accounts receivable	1,813,358	2,450,444
Inventory	2,209	2,209
Other current assets	483,896	462,908
Total current assets	74,480,468	80,369,761
PROPERTY AND EQUIPMENT, net	12,437,957	12,859,628
ACQUIRED TECHNOLOGY, net	2,505,576	2,929,344
OTHER ASSETS	83,491	69,772
TOTAL ASSETS	<u>\$ 89,507,492</u>	<u>\$ 96,228,505</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 1,311,724	\$ 1,585,015
Accrued expenses	3,498,595	5,296,433
Deferred license fees	6,148,267	6,148,267
Deferred revenue	2,350,723	2,739,790
Total current liabilities	13,309,309	15,769,505
DEFERRED LICENSE FEES	3,236,637	3,407,037
DEFERRED REVENUE	300,000	337,500
STOCK WARRANT LIABILITY	2,515,868	-
Total liabilities	19,361,814	19,514,042
SHAREHOLDERS' EQUITY:		
Preferred Stock, par value \$0.01 per share, 5,000,000 shares authorized, 200,000 shares of Series A Nonconvertible Preferred Stock issued and outstanding (liquidation value of \$7.50 per share or \$1,500,000)	2,000	2,000
Common Stock, par value \$0.01 per share, 50,000,000 shares authorized, 36,328,665 and 36,131,981 shares issued and outstanding at March 31, 2009 and December 31, 2008, respectively	363,287	361,320
Additional paid-in capital	251,812,110	256,696,849
Unrealized gain on available-for-sale securities	141,265	126,497
Accumulated deficit	(182,172,984)	(180,472,203)
Total shareholders' equity	70,145,678	76,714,463
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 89,507,492</u>	<u>\$ 96,228,505</u>

UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)

	Three Months Ended March 31,	
	2009	2008
REVENUE:		
Commercial revenue	\$ 1,369,137	\$ 1,555,065
Developmental revenue	1,464,721	1,161,754
Total revenue	<u>2,833,858</u>	<u>2,716,819</u>
OPERATING EXPENSES:		
Cost of chemicals sold	170,987	195,476
Research and development	5,219,062	4,440,139
Selling, general and administrative	2,622,945	2,373,546
Patent costs	731,531	711,385
Royalty and license expense	82,931	103,185
Total operating expenses	<u>8,827,456</u>	<u>7,823,731</u>
Operating loss	(5,993,598)	(5,106,912)
INTEREST INCOME	253,400	919,194
INTEREST EXPENSE	(2,643)	(5,667)
GAIN ON STOCK WARRANT LIABILITY	173,242	-
NET LOSS	<u>\$ (5,569,599)</u>	<u>\$ (4,193,385)</u>
BASIC AND DILUTED NET LOSS PER COMMON SHARE	<u>\$ (0.15)</u>	<u>\$ (0.12)</u>
WEIGHTED AVERAGE SHARES USED IN COMPUTING BASIC AND DILUTED NET LOSS PER COMMON SHARE	<u>36,299,967</u>	<u>35,770,641</u>

UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Three Months Ended March 31,	
	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (5,569,599)	\$ (4,193,385)
Non-cash charges to statement of operations:		
Depreciation	517,472	445,937
Amortization of intangibles	423,768	423,768
Amortization of premium and discount on investments, net	(144,887)	(438,296)
Stock-based employee compensation	551,489	534,767
Stock-based non-employee compensation	1,998	4,119
Non-cash expense under a Development Agreement	309,375	241,901
Stock-based compensation to Board of Directors and Scientific Advisory Board	71,524	116,628
Gain on stock warrant liability	(173,242)	-
(Increase) decrease in assets:		
Accounts receivable	637,086	80,648
Other current assets	(20,988)	90,525
Other assets	(13,719)	2,500
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(498,481)	285,687
Deferred license fees	(170,400)	(128,711)
Deferred revenue	(426,567)	(111,371)
Net cash used in operating activities	<u>(4,505,171)</u>	<u>(2,645,283)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(95,801)	(219,578)
Purchases of short-term investments	(36,479,245)	(30,074,485)
Proceeds from sale of short-term investments	19,655,000	10,922,000
Net cash used in investing activities	<u>(16,920,046)</u>	<u>(19,372,063)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from the exercise of common stock options and warrants	-	1,575,848
Payment of withholding taxes related to stock-based employee compensation	(831,877)	(727,118)
Net cash (used in) provided by financing activities	<u>(831,877)</u>	<u>848,730</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(22,257,094)	(21,168,616)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	28,321,581	33,870,696
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 6,064,487</u>	<u>\$ 12,702,080</u>