



Press Release

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FOR IMMEDIATE RELEASE

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

Ewing, New Jersey — November 9, 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 and materials, today announced its results for the third quarter and nine months ended September 30, 2009.

Revenues for the third quarter of 2009 were \$5,145,393, compared to \$2,625,639 for the third quarter of 2008. Commercial revenue, which includes commercial chemical revenue, license and royalty revenues, and commercialization assistance revenue, was \$1,621,416 for the quarter, compared to \$1,324,924 for the third quarter of 2008. Developmental revenue, which includes development chemical revenue, contract research revenue, and technology development revenue, was \$3,523,977 for the quarter, compared to \$1,300,715 for the third quarter of 2008.

The increase in development revenue for the third quarter of 2009 included a non-refundable payment of \$1,500,000 that the company received from Kyocera Corporation ("Kyocera") last year. This payment was for technical assistance previously provided to a subsidiary of Kyocera established to conduct its OLED activities. The payment was previously classified as deferred revenue because it was creditable against a portion of the upfront fee under the company's license agreement with Kyocera. The license agreement was to become effective upon notice from

Kyocera given on or before December 31, 2009. Kyocera has since indicated that it will not be providing this notice because its OLED subsidiary has been dissolved.

For the third quarter of 2009, the company reported a net loss of \$4,672,847, or \$(0.13) per diluted share, versus a net loss of \$5,302,983, or \$(0.15) per diluted share, for the third quarter of 2008. The improvement in the net loss was primarily due to an increase in revenues during the quarter, partially offset by a decrease in interest income, an increase in operating expenses and a loss on a stock warrant liability.

For the nine-months ended September 30, 2009, the company reported revenues of \$10,935,605, compared to revenues of \$7,488,056 for the same period of 2008. Commercial revenue for the first nine months of 2009 totalled \$4,229,609, compared to \$4,275,476 for the same period of 2008. Developmental revenue for the first nine months of 2009 totalled \$6,705,996, compared to \$3,212,580 for the same period of 2008.

For the nine months ended September 30, 2009, the net loss totalled \$16,657,624, or \$(0.46) per diluted share, versus a net loss of \$14,702,158, or \$(0.41) per diluted share, for the same period of 2008.

“This was an encouraging quarter for Universal Display, with gains in both royalty and license fee revenue,” said Sidney D. Rosenblatt, Executive Vice President and Chief Financial Officer of Universal Display. “We are seeing increased advertising and marketing of our licensees’ products that feature AMOLED displays and our technology and materials, and an associated increase in adoption of these products. We believe that this trend will continue and sales of these products will increase as the global economic environment continues to improve.”

Mr. Rosenblatt continued, “We are encouraged by the rate of research and development on flexible displays for the U.S. Department of Defense and energy efficient white OLED lighting for the U.S. Department of Energy. Looking ahead, as the market for small-area AMOLED displays continues to mature, we expect growth in larger-area AMOLED displays for the TV market in 2010 and beyond.”

Operating expenses were \$8,938,169 for the third quarter of 2009, compared to \$8,458,503 for the same quarter of 2008. Operating expenses for the quarter were consistent with expectations and are expected to remain at or near the same level in the near-term.

Cash used in operating activities was \$11,831,763 for the nine months ended September 30, 2009, compared to \$6,034,956 for the same period of 2008. The increase in cash used in operating activities was mainly due to additional net losses, excluding non-cash charges, of \$2,452,975 and a decrease in deferred license fees and deferred revenues as a result of lower cash payments of \$2,033,333 from various customers.

The company's balance sheet remained strong at quarter end, with cash, cash equivalents and short-term investments totalling \$66,024,043 as of September 30, 2009, compared to \$77,454,200 as of December 31, 2008.

In conjunction with this release, Universal Display will host a conference call, followed by a question and answer session, on Monday, November 9, at 5:00 p.m. Eastern Time. Interested parties may participate by calling 706-634-1395 at 4:55 p.m. Eastern Time and referencing conference PIN 39209446. A taped replay of the conference call will be available within two hours of the conclusion of the call and will remain available through Monday, November 23, 2009. The number to call for the taped replay is 706-645-9291 and the conference PIN is 39209446.

The conference call will be simultaneously broadcast live over the Internet through a webcast on the Universal Display website. To access the call, please visit the website at www.universaldisplay.com. An online archive of the webcast will be available within two hours of the conclusion of the call.

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 or sole

license rights with respect to more than 960 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.

Forward-Looking Statements: *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.*

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UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	September 30, 2009	December 31, 2008
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 10,608,785	\$ 28,321,581
Short-term investments	55,415,258	49,132,619
Accounts receivable	1,886,345	2,450,444
Inventory	42,700	2,209
Other current assets	502,479	462,908
Total current assets	68,455,567	80,369,761
PROPERTY AND EQUIPMENT, net	11,509,541	12,859,628
ACQUIRED TECHNOLOGY, net	1,658,040	2,929,344
OTHER ASSETS	237,758	69,772
TOTAL ASSETS	\$ 81,860,906	\$ 96,228,505
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 1,915,730	\$ 1,585,015
Accrued expenses	4,719,417	5,296,433
Deferred license fees	6,097,868	6,148,267
Deferred revenue	287,634	2,739,790
Total current liabilities	13,020,649	15,769,505
DEFERRED LICENSE FEES	2,946,237	3,407,037
DEFERRED REVENUE	225,000	337,500
STOCK WARRANT LIABILITY	3,810,190	-
Total liabilities	20,002,076	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, 36,677,168 and 36,131,981 shares issued and outstanding at September 30, 2009 and December 31, 2008, respectively	366,772	361,320
Additional paid-in capital	254,673,492	256,696,849
Unrealized gain on available-for-sale securities	77,575	126,497
Accumulated deficit	(193,261,009)	(180,472,203)
Total shareholders' equity	61,858,830	76,714,463
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 81,860,906	\$ 96,228,505

UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended September 30,	
	2009	2008
REVENUE:		
Commercial revenue	\$ 1,621,416	\$ 1,324,924
Developmental revenue	3,523,977	1,300,715
Total revenue	<u>5,145,393</u>	<u>2,625,639</u>
OPERATING EXPENSES:		
Cost of chemicals sold	277,218	226,574
Research and development	4,938,705	4,848,724
Selling, general and administrative	2,656,005	2,445,145
Patent costs	955,119	839,443
Royalty and license expense	111,122	98,617
Total operating expenses	<u>8,938,169</u>	<u>8,458,503</u>
Operating loss	(3,792,776)	(5,832,864)
INTEREST INCOME	121,927	545,561
INTEREST EXPENSE	(386)	(15,680)
LOSS ON STOCK WARRANT LIABILITY	(1,001,612)	-
NET LOSS	<u>\$ (4,672,847)</u>	<u>\$ (5,302,983)</u>
BASIC AND DILUTED NET LOSS PER COMMON SHARE	<u>\$ (0.13)</u>	<u>\$ (0.15)</u>
WEIGHTED AVERAGE SHARES USED IN COMPUTING BASIC AND DILUTED NET LOSS PER COMMON SHARE	<u>36,481,603</u>	<u>35,989,473</u>

UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Nine Months Ended September 30,	
	2009	2008
REVENUE:		
Commercial revenue	\$ 4,229,609	\$ 4,275,476
Developmental revenue	6,705,996	3,212,580
Total revenue	<u>10,935,605</u>	<u>7,488,056</u>
OPERATING EXPENSES:		
Cost of chemicals sold	766,396	669,012
Research and development	15,482,462	13,506,318
Selling, general and administrative	7,994,021	7,658,508
Patent costs	2,510,379	2,226,853
Royalty and license expense	279,484	297,086
Total operating expenses	<u>27,032,742</u>	<u>24,357,777</u>
Operating loss	(16,097,137)	(16,869,721)
INTEREST INCOME	563,920	2,202,123
INTEREST EXPENSE	(3,327)	(34,560)
LOSS ON STOCK WARRANT LIABILITY	(1,121,080)	-
NET LOSS	<u>\$ (16,657,624)</u>	<u>\$ (14,702,158)</u>
BASIC AND DILUTED NET LOSS PER COMMON SHARE	<u>\$ (0.46)</u>	<u>\$ (0.41)</u>
WEIGHTED AVERAGE SHARES USED IN COMPUTING BASIC AND DILUTED NET LOSS PER COMMON SHARE	<u>36,388,939</u>	<u>35,887,264</u>

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

	Nine Months Ended September 30,	
	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (16,657,624)	\$ (14,702,158)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization of deferred license fees and deferred revenue	(3,342,522)	(756,200)
Depreciation	1,552,826	1,421,274
Amortization of intangibles	1,271,304	1,271,304
Amortization of premium and discount on investments, net	(356,571)	(942,761)
Stock-based employee compensation	1,420,170	1,117,727
Stock-based non-employee compensation	7,011	4,119
Non-cash expense under a materials agreement	851,587	882,540
Stock-based compensation to Board of Directors and Scientific Advisory Board	321,300	345,691
Loss on stock warrant liability	1,121,080	-
(Increase) decrease in assets:		
Accounts receivable	564,099	602,655
Inventory	(40,491)	38,956
Other current assets	(39,571)	24,031
Other assets	(167,986)	7,500
Increase in liabilities:		
Accounts payable and accrued expenses	1,396,958	2,350,366
Deferred license fees	-	2,000,000
Deferred revenue	266,667	300,000
Net cash used in operating activities	<u>(11,831,763)</u>	<u>(6,034,956)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(202,739)	(1,171,327)
Purchases of short-term investments	(57,674,990)	(62,028,220)
Proceeds from sale of short-term investments	51,700,000	88,158,000
Net cash (used in) provided by investing activities	<u>(6,177,729)</u>	<u>24,958,453</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from the issuance of common stock	52,887	-
Proceeds from the exercise of common stock options and warrants	1,102,335	2,387,660
Payment of withholding taxes related to stock-based employee compensation	(858,526)	(766,721)
Net cash provided by financing activities	<u>296,696</u>	<u>1,620,939</u>
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(17,712,796)	20,544,436
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	28,321,581	33,870,696
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 10,608,785	\$ 54,415,132