



Press Release

For:
Universal Display Corporation
For more information contact:
Dean Ledger
800-599-4426

From:
Gregory FCA Communications
Investor contact: Paul Johnson
paul@gregoryfca.com
610-642-8253 (x115)

Media contact: Matt McLoughlin
matt@gregoryfca.com
610-642-8253 (x129)

FOR IMMEDIATE RELEASE

**UNIVERSAL DISPLAY CORPORATION ANNOUNCES
FOURTH QUARTER AND FULL YEAR 2008 FINANCIAL RESULTS**

Company reports record quarterly revenues of \$3.6 million for fourth quarter of 2008

Ewing, New Jersey — March 12, 2009 — Universal Display Corporation (NASDAQ: PANL), a key innovator behind today's evolving displays and lighting with its Universal PHOLED™ phosphorescent OLED technology, today announced its results for the quarter and year ended December 31, 2008.

For the fourth quarter of 2008, the Company reported a net loss of \$4,437,578 or \$(0.11) per diluted share, versus a net loss of \$3,256,104, or \$(0.08) per diluted share, for the fourth quarter of 2007.

Revenues for the fourth quarter of 2008 were \$3,587,168, compared to \$2,898,826 for the fourth quarter of 2007. Commercial revenue, which includes commercial chemical revenue, license and royalty revenues, and commercialization assistance revenue, was \$1,355,282 for the quarter, compared to \$1,226,021 for the fourth quarter of 2007.

Developmental revenue, which includes development chemical revenue, contract research revenue, and technology development revenue, was \$2,231,886 for the quarter, compared to \$1,672,805 for the fourth quarter of 2007. Operating expenses were \$9,380,361 for the fourth quarter of 2008, compared to \$8,030,670 for the same quarter of 2007.

“This was a good quarter for Universal Display,” said Sidney D. Rosenblatt, Executive Vice President and Chief Financial Officer of Universal Display. “While the net loss increased quarter-over-quarter, primarily due to expanding our technical team in anticipation of the growth of the OLED industry, we are encouraged by the trends we are seeing on the revenue side. Revenues for the fourth quarter of 2008 were the highest quarterly revenues in the Company’s history.”

For the year ended December 31, 2008, the net loss totalled \$19,139,736, or \$(0.53) per diluted share, versus a net loss of \$15,975,841, or \$(0.47) per diluted share, for 2007.

For the year ended December 31, 2008, the Company reported revenues of \$11,075,224, compared to revenues of \$11,305,907 for 2007. Commercial revenue for 2008 increased to \$5,630,758, compared to \$4,428,048 for 2007. Developmental revenue for 2008 decreased to \$5,444,466, compared to \$6,877,859 for 2007. Commercial revenue has steadily increased as customers transition from OLED development activities to sales of commercial OLED products.

“As our PHOLED technology continues to gain increased commercial adoption, we expect revenue to trend much as it did in 2008,” continued Mr. Rosenblatt. “While it is difficult to predict revenues on a quarter-to-quarter basis, we are encouraged by the commercial OLED activities of our licensees and technology partners. We believe that Universal Display remains well-positioned as OLED products gain market acceptance. As this occurs over the coming quarters, we will continue to manage our resources prudently.”

Operating expenses were \$33,738,138 for the year ended December 31, 2008, compared to \$31,677,765 for 2007. Operating expenses for the year were consistent with the Company’s expectations and included an increase in research and development spending associated with higher patent costs, as well as increased personnel and operating costs at Universal Display’s Ewing facility. During 2008, the Company increased the size of its team by 25%.

Cash used in operating activities was \$7,785,164 for the year ended December 31, 2008, compared to \$10,439,279 for the same period in 2007. The reduction in cash used in operating activities for the year 2008 was primarily attributable to \$3.7 million in fees received by the Company from customers for licenses, technical assistance and joint development work. These fees have been recorded as deferred revenue, and the Company began to recognize them as revenue in the third and fourth quarters of 2008.

The Company's balance sheet remained strong at quarter end, with cash, cash equivalents and short-term investments totalling \$77,454,200 as of December 31, 2008, compared to \$83,659,657 as of December 31, 2007.

In conjunction with this release, Universal Display will host a conference call, followed by a question and answer session, on Thursday, March 12th, 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 89008427. A taped replay of the conference call will be available within two hours of the conclusion of the call and will remain available through Sunday, April 12th, 2009. The number to call for the taped replay is 800-642-1687 and the conference PIN is 89008427.

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 <http://tinyurl.com/5cvkxg>. 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 SDI Co., 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. Universal Display Corporation disclaims any obligation to update any forward-looking statement contained in this document.

UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	<u>December 31,</u> <u>2008</u>	<u>December 31,</u> <u>2007</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 28,321,581	\$ 33,870,696
Short-term investments	49,132,619	49,788,961
Accounts receivable	2,450,444	2,395,416
Inventory	2,209	41,165
Other current assets	462,908	673,931
	<u>80,369,761</u>	<u>86,770,169</u>
Total current assets	80,369,761	86,770,169
PROPERTY AND EQUIPMENT, net	12,859,628	13,525,714
ACQUIRED TECHNOLOGY, net	2,929,344	4,624,416
OTHER ASSETS	69,772	79,772
	<u>\$ 96,228,505</u>	<u>\$ 105,000,071</u>
TOTAL ASSETS	\$ 96,228,505	\$ 105,000,071
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 1,585,015	\$ 861,428
Accrued expenses	5,296,433	4,578,147
Deferred license fees	6,148,267	7,178,268
Deferred revenue	2,739,790	172,688
	<u>15,769,505</u>	<u>12,790,531</u>
Total current liabilities	15,769,505	12,790,531
DEFERRED LICENSE FEES	3,407,037	2,454,900
DEFERRED REVENUE	337,500	538,683
	<u>19,514,042</u>	<u>15,784,114</u>
Total liabilities	19,514,042	15,784,114
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, 36,131,981 and 35,563,201 shares issued and outstanding at December 31, 2008 and December 31, 2007, respectively	361,320	355,632
Additional paid-in capital	256,696,849	250,240,994
Unrealized gain (loss) on available-for-sale securities	126,497	(50,202)
Accumulated deficit	(180,472,203)	(161,332,467)
	<u>76,714,463</u>	<u>89,215,957</u>
Total shareholders' equity	76,714,463	89,215,957
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 96,228,505	\$ 105,000,071

UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended December 31,	
	2008	2007
REVENUE:		
Commercial revenue	\$ 1,355,282	\$ 1,226,021
Developmental revenue	2,231,886	1,672,805
Total revenue	<u>3,587,168</u>	<u>2,898,826</u>
OPERATING EXPENSES:		
Cost of chemicals sold	203,093	165,626
Research and development	6,302,396	5,343,810
General and administrative	2,774,141	2,438,113
Royalty and license expense	100,731	83,121
Total operating expenses	<u>9,380,361</u>	<u>8,030,670</u>
Operating loss	(5,793,193)	(5,131,844)
INTEREST INCOME	405,774	1,075,762
INTEREST EXPENSE	(12,637)	(5,002)
LOSS BEFORE INCOME TAX BENEFIT	(5,400,056)	(4,061,084)
INCOME TAX BENEFIT	<u>962,478</u>	<u>804,980</u>
NET LOSS	<u>\$ (4,437,578)</u>	<u>\$ (3,256,104)</u>
BASIC AND DILUTED NET LOSS PER COMMON SHARE	<u>\$ (0.11)</u>	<u>\$ (0.08)</u>

UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Year Ended December 31,	
	2008	2007
REVENUE:		
Commercial revenue	\$ 5,630,758	\$ 4,428,048
Developmental revenue	5,444,466	6,877,859
Total revenue	<u>11,075,224</u>	<u>11,305,907</u>
OPERATING EXPENSES:		
Cost of chemicals sold	912,094	893,276
Research and development	22,257,634	20,909,262
General and administrative	10,170,593	9,569,381
Royalty and license expense	397,817	305,846
Total operating expenses	<u>33,738,138</u>	<u>31,677,765</u>
Operating loss	(22,662,914)	(20,371,858)
INTEREST INCOME	2,607,897	3,599,229
INTEREST EXPENSE	(47,197)	(8,192)
LOSS BEFORE INCOME TAX BENEFIT	(20,102,214)	(16,780,821)
INCOME TAX BENEFIT	<u>962,478</u>	<u>804,980</u>
NET LOSS	<u>\$ (19,139,736)</u>	<u>\$ (15,975,841)</u>
BASIC AND DILUTED NET LOSS PER COMMON SHARE	<u>\$ (0.53)</u>	<u>\$ (0.47)</u>

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

	Year Ended December 31,	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	\$ (19,139,736)	\$ (15,975,841)
Non-cash charges to statement of operations:		
Depreciation	1,943,184	1,774,236
Amortization of intangibles	1,695,072	1,695,072
Amortization of premium and discount on investments	(1,044,499)	(311,613)
Stock-based employee compensation	3,663,575	3,391,394
Stock-based non-employee compensation	5,110	23,336
Non-cash expense under a Development and License Agreements	1,232,668	926,582
Stock-based compensation to Board of Directors and Scientific Advisory Board	745,016	754,711
(Increase) decrease in assets:		
Accounts receivable	(55,028)	(282,153)
Inventory	38,956	(10,567)
Other current assets	211,023	(67,664)
Other assets	10,000	10,000
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	621,440	(1,816,543)
Deferred license fees	(77,864)	(511,600)
Deferred revenue	2,365,919	(38,629)
Net cash used in operating activities	<u>(7,785,164)</u>	<u>(10,439,279)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(1,277,098)	(1,225,857)
Purchases of investments	(96,859,458)	(61,336,182)
Proceeds from sale of investments	98,737,000	29,892,000
Net cash provided by (used in) investing activities	<u>600,444</u>	<u>(32,670,039)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from issuance of common stock	-	38,000,023
Proceeds from the exercise of common stock options and warrants	2,407,160	8,539,943
Payment of withholding taxes related to stock-based employee compensation	(771,555)	(657,485)
Net cash provided by financing activities	<u>1,635,605</u>	<u>45,882,481</u>
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(5,549,115)	2,773,163
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	33,870,696	31,097,533
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 28,321,581</u>	<u>\$ 33,870,696</u>