



Press Release

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For Immediate Release

**UNIVERSAL DISPLAY CORPORATION ANNOUNCES
FIRST QUARTER 2010 FINANCIAL RESULTS**

Ewing, New Jersey — May 10, 2010 — Universal Display Corporation (NASDAQ: PANL), enabling energy-efficient displays and lighting with its UniversalPHOLED™ technology and materials, today announced its results for the quarter ended March 31, 2010.

For the first quarter of 2010, the net loss was \$2,978,331, or \$(0.08) per basic and diluted share, versus a net loss of \$5,569,599, or \$(0.15) per basic and diluted share, for the first quarter of 2009. The improvement in the net loss was attributable to the increase in revenue and the decrease in operating costs. The Company also recognized an income tax benefit of \$464,162 and a gain on stock warrant liability of \$713,243 during the quarter, both of which had a positive impact on the Company's net loss and loss per share.

Revenues for the first quarter of 2010 were \$4,246,650, compared to \$2,833,858 for the first quarter of 2009. Commercial revenue, which includes commercial chemical revenue, license and royalty revenues, and commercialization assistance revenue, was \$1,830,147 for the quarter, compared to \$1,369,137 for the first quarter of 2009. Developmental revenue, which includes development chemical revenue, contract research revenue, and technology development revenue, was \$2,416,503 for the quarter, compared to \$1,464,721 for the first quarter of 2009.

Operating expenses for the first quarter of 2010 were \$8,470,982, a decrease from operating expenses of \$8,827,456 for the first quarter of 2009. Operating loss for the first quarter improved to \$4,224,332, compared to \$5,993,598 for the first quarter of 2009. The improvement in the operating loss was attributable to the increase in revenues and the decrease in operating expenses.

“We are pleased with the improvement in our financial results in the first quarter, particularly the improvement in our operating loss,” said Sidney D. Rosenblatt, Executive Vice President and Chief Financial Officer of Universal Display. “Both commercial and developmental revenue continue to grow as our UniversalPHOLED™ technology and materials are utilized in more commercial and developmental products, particularly in white OLED lighting.”

“As licensees like Samsung SMD, LG Display and others continue to increase their AMOLED display production, we are also seeing OLED lighting innovations that utilize our technology and materials from our licensees and other partners,” said Mr. Rosenblatt. “We believe that AMOLED display production will continue to increase through 2010 and into 2011, driving increased adoption and use of our UniversalPHOLED technology and materials, as well as having a positive impact on our financial performance. In addition, the increased usage of our technology and materials for white OLED is pushing this energy efficient solution closer to commercialization today than ever before.”

Mr. Rosenblatt concluded, “Looking ahead at the next three quarters of 2010, we expect to continue managing our expenses as the OLED market continues to expand. We look forward to the 2010 Society for Information Display (SID) International Symposium, Seminar & Exhibition at the end of May where we will present our recent technological gains and newest UniversalPHOLED materials to our customers and industry peers.”

Cash used in operating activities for the first quarter of 2010 was \$442,848, compared to \$4,505,171 for the first quarter of 2009. The improvement in cash used in operating activities was attributable to the growth in revenues, the decrease in operating costs, and \$925,000 in payments received that were deferred during the quarter. The Company’s balance sheet remained

strong at quarter end, with cash, cash equivalents and short-term investments totaling \$63,020,995 as of March 31, 2010, compared to \$63,874,081 as of December 31, 2009.

In conjunction with this release, Universal Display will host a conference call, followed by a question and answer session, on Monday, May 10, 2010 at 5:00 p.m. Eastern Time. Interested parties may participate by calling 913-312-0854 at 4:55 p.m. Eastern Time and referencing conference ID 9764687. 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, May 24, 2010. The number to call for the taped replay is 888-203-1112 and the conference PIN is 9764687.

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 events portion of 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 (Nasdaq: PANL) is a leader in developing and delivering state-of-the-art, organic light emitting device (OLED) technologies, materials and services to the display and lighting industries. Founded in 1994, the Company currently owns or has exclusive, co-exclusive or sole license rights with respect to more than 1,000 issued and pending patents worldwide. Universal Display licenses its proprietary technologies, including its breakthrough high-efficiency UniversalPHOLED™ phosphorescent OLED technology, that can enable the development of low power and eco-friendly displays and white lighting. The Company also develops and offers high-quality, state-of-the-art UniversalPHOLED materials that are recognized as key ingredients in the fabrication of OLEDs with peak performance. In addition, Universal Display delivers innovative and customized solutions to its clients and partners through technology transfer, collaborative technology development and on-site training.

Based in Ewing, New Jersey, Universal Display works and partners with a network of world-class organizations, including Princeton University, the University of Southern California, the University of Michigan, and PPG Industries, Inc. The Company has also established relationships with companies such as AU Optronics Corporation, 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, Showa Denko K.K., and Tohoku Pioneer Corporation. To learn more about Universal Display, please visit 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, 2009. 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>2010</u>	<u>December 31,</u> <u>2009</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 7,553,643	\$ 22,701,126
Short-term investments	55,467,352	41,172,955
Accounts receivable	2,399,297	3,344,255
Other current assets	372,585	411,240
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Total current assets	65,792,877	67,629,576
PROPERTY AND EQUIPMENT, net	10,624,506	11,048,763
ACQUIRED TECHNOLOGY, net	810,504	1,234,272
OTHER ASSETS	245,557	227,276
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TOTAL ASSETS	<u>\$ 77,473,444</u>	<u>\$ 80,139,887</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:		
Accounts payable	\$ 1,620,909	\$ 1,275,695
Accrued expenses	3,470,776	5,238,870
Deferred license fees	6,178,886	6,047,467
Deferred revenue	1,041,731	1,403,927
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Total current liabilities	12,312,302	13,965,959
DEFERRED LICENSE FEES	3,271,388	2,826,237
STOCK WARRANT LIABILITY	3,006,922	3,720,165
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Total liabilities	18,590,612	20,512,361
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, 37,593,459 and 36,818,440 shares issued and outstanding at March 31, 2010 and December 31, 2009, respectively	375,935	368,184
Additional paid-in capital	258,599,927	256,340,530
Unrealized (loss) gain on available-for-sale securities	(7,994)	25,517
Accumulated deficit	(200,087,036)	(197,108,705)
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Total shareholders' equity	58,882,832	59,627,526
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TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 77,473,444</u>	<u>\$ 80,139,887</u>

UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited)

	Three Months Ended March 31,	
	2010	2009
REVENUE:		
Commercial revenue	\$ 1,830,147	\$ 1,369,137
Developmental revenue	2,416,503	1,464,721
Total revenue	4,246,650	2,833,858
OPERATING EXPENSES:		
Cost of chemicals sold	460,786	170,987
Research and development	4,466,631	5,219,062
Selling, general and administrative	2,642,246	2,622,945
Patent costs	781,259	731,531
Royalty and license expense	120,060	82,931
Total operating expenses	8,470,982	8,827,456
Operating loss	(4,224,332)	(5,993,598)
INTEREST INCOME	75,655	253,400
INTEREST EXPENSE	(7,059)	(2,643)
GAIN ON STOCK WARRANT LIABILITY	713,243	173,242
LOSS BEFORE INCOME TAX BENEFIT	(3,442,493)	(5,569,599)
INCOME TAX BENEFIT	464,162	-
NET LOSS	\$ (2,978,331)	\$ (5,569,599)
BASIC AND DILUTED NET LOSS PER COMMON SHARE	\$ (0.08)	\$ (0.15)
WEIGHTED AVERAGE SHARES USED IN COMPUTING BASIC AND DILUTED NET LOSS PER COMMON SHARE	37,029,462	36,299,967

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

	Three Months Ended March 31,	
	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (2,978,331)	\$ (5,569,599)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization of deferred license fees and deferred revenue	(710,626)	(663,634)
Depreciation	513,557	517,472
Amortization of intangibles	423,768	423,768
Amortization of premium and discount on investments, net	(43,619)	(144,887)
Stock-based employee compensation	463,133	551,489
Stock-based non-employee compensation	40,848	1,998
Non-cash expense under a materials agreement	243,459	309,375
Stock-based compensation to Board of Directors and Scientific Advisory Board	149,703	71,524
Gain on stock warrant liability	(713,243)	(173,242)
(Increase) decrease in assets:		
Accounts receivable	944,958	637,086
Other current assets	38,655	(20,988)
Other assets	(18,281)	(13,719)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	278,171	(498,481)
Deferred license fees	800,000	-
Deferred revenue	125,000	66,667
Net cash used in operating activities	(442,848)	(4,505,171)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(89,300)	(95,801)
Purchases of short-term investments	(35,224,272)	(36,479,245)
Proceeds from sale of short-term investments	20,939,983	19,655,000
Net cash used in investing activities	(14,373,589)	(16,920,046)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from the issuance of common stock	62,659	-
Proceeds from the exercise of common stock options and warrants	722,682	-
Payment of withholding taxes related to stock-based employee compensation	(1,116,387)	(831,877)
Net cash used in financing activities	(331,046)	(831,877)
DECREASE IN CASH AND CASH EQUIVALENTS	(15,147,483)	(22,257,094)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	22,701,126	28,321,581
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 7,553,643	\$ 6,064,487