



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
610-228-2113
Media contact: Matt McLoughlin
matt@gregoryfca.com
610-228-2123

For Immediate Release

**UNIVERSAL DISPLAY CORPORATION ANNOUNCES
FOURTH QUARTER AND FULL YEAR 2009 FINANCIAL
RESULTS**

Ewing, New Jersey — March 15, 2010 — Universal Display Corporation (NASDAQ: PANL), an enabler of energy-efficient displays and lighting with its UniversalPHOLED™ technology and materials, today announced its results for the fourth quarter and year ended December 31, 2009.

For the fourth quarter of 2009, Universal Display reported a net loss of \$3,847,696, or \$(0.10) per basic and diluted share, versus a net loss of \$4,437,578, or \$(0.12) per basic and diluted share, for the fourth quarter of 2008.

Revenues for the fourth quarter of 2009 were \$4,851,012, compared to \$3,587,168 for the fourth quarter of 2008. Commercial revenue, which includes commercial chemical revenue, license and royalty revenues, and commercialization assistance revenue, was \$1,888,490 for the quarter, compared to \$1,355,282 for the fourth quarter of 2008. Developmental revenue, which includes development chemical revenue, contract research revenue, and technology development revenue, was \$2,962,522 for the quarter, compared to \$2,231,886 for the fourth quarter of 2008.

Operating expenses were \$9,020,669 for the fourth quarter of 2009, compared to \$9,380,361 for the comparable quarter of 2008.

“We are pleased with results overall for the final quarter of 2009,” said Sidney D. Rosenblatt, Executive Vice President and Chief Financial Officer of Universal Display. “Total revenue increased overall, with improvement in both commercial and developmental revenues compared to the fourth quarter of 2008. We are also pleased with the decrease in our net loss for the quarter, attributable to both the revenue increase and our management of overall operating expenses, which declined quarter-over-quarter.”

For the full year 2009, the operating loss was \$20,266,794, compared to an operating loss of \$22,662,914 for 2008. The decrease in operating loss was primarily due to an increase in revenue of \$4,711,393, partly offset by an increase in operating expenses of \$2,315,273.

For 2009, net loss was \$20,505,320, or \$(0.56) per basic and diluted share, versus a net loss of \$19,139,736, or \$(0.53) per basic and diluted share, for 2008.

Revenues for 2009 were \$15,786,617, compared to revenues of \$11,075,224 for 2008.

Commercial revenue for 2009 increased to \$6,118,099, compared to \$5,630,758 for 2008. The increase in commercial revenue was attributable to an increase in royalty revenue under a patent license agreement with Samsung SMD, commercialization assistance provided under an agreement signed during the fourth quarter of 2008, and an increase in license fees primarily from a patent license agreement with Konica Minolta.

Developmental revenue for 2009 increased to \$9,668,518, compared to \$5,444,466 for 2008.

The increase in developmental revenue was attributable to an increase in contract research revenue incurred in connection with several new and completed government contracts during the year, an increase in technology development revenue due to a payment of \$1,500,000 the Company had previously received from Kyocera Corporation that was recognized during the third quarter of 2009, as well as an increase in development chemical revenue.

“Our UniversalPHOLED technology and AMOLED displays continued to see increased adoption in 2009,” said Mr. Rosenblatt. “More smart and mobile phones, digital cameras and

MP3 players with AMOLED displays can now be found for consumer purchase. This has had a measurable impact on our results, as is illustrated by the increase in revenue during the fourth quarter and full year.”

Mr. Rosenblatt continued, “In addition, we made solid progress under our programs funded by the U.S. Departments of Defense and Energy to develop the next generation of PHOLED-based displays and lighting products. In particular, we believe that our white OLED lighting developments were a significant step towards a greener, commercially viable alternative to current solid state lighting technology. The Department of Energy recently recognized us for our progress at its Solid State Lighting Workshop in February.”

Mr. Rosenblatt concluded, “We are confident that the OLED display industry is on the right track. Small-area display production is becoming entrenched, and partners like Samsung SMD, LG Display and AU Optronics continue to build out new production lines and target OLED TV volume production. Our ability to offer quality PHOLED materials, an expansive technology licensing portfolio, and technology transfer services, along with the superior energy efficiency and performance of our UniversalPHOLED technology, positions us as the technology partner of choice for OLED display and lighting manufacturers.”

Operating expenses were \$36,053,411 for 2009, compared to \$33,738,138 for 2008. Cash used in operating activities was \$14,610,208 for 2009, compared to \$7,785,164 for 2008. The Company’s balance sheet remained strong at year end, with cash, cash equivalents and short-term investments totaling \$63,874,081 at December 31, 2009, compared to \$77,454,200 at December 31, 2008.

In conjunction with this release, Universal Display will host a conference call, followed by a question and answer session, on Monday, March 15 at 5:00 p.m. Eastern Time. Interested parties may participate by calling 913-312-0387 at 4:55 p.m. Eastern Time and referencing conference ID 9459293. 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, March 29, 2010. The number to call for the taped replay is 888-203-1112 and the conference PIN is 9459293.

The conference call will be simultaneously broadcast live over the Internet through a webcast accessible 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 (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)

	December 31,	
	2009	2008
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 22,701,126	\$ 28,321,581
Short-term investments	41,172,955	49,132,619
Accounts receivable	3,344,255	2,450,444
Inventory	641	2,209
Other current assets	410,599	462,908
Total current assets	67,629,576	80,369,761
PROPERTY AND EQUIPMENT, net	11,048,763	12,859,628
ACQUIRED TECHNOLOGY, net	1,234,272	2,929,344
OTHER ASSETS	227,276	69,772
TOTAL ASSETS	\$ 80,139,887	\$ 96,228,505

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:		
Accounts payable	\$ 1,275,695	\$ 1,585,015
Accrued expenses	5,238,870	5,296,433
Deferred license fees	6,047,467	6,148,267
Deferred revenue	1,403,927	2,739,790
Total current liabilities	13,965,959	15,769,505
DEFERRED LICENSE FEES	2,826,237	3,407,037
DEFERRED REVENUE	-	337,500
STOCK WARRANT LIABILITY	3,720,165	-
Total liabilities	20,512,361	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, 36,818,440 and 36,131,981 shares issued and outstanding at December 31, 2009 and December 31, 2008, respectively	368,184	361,320
Additional paid-in capital	256,340,530	256,696,849
Unrealized gain on available-for-sale securities	25,517	126,497
Accumulated deficit	(197,108,705)	(180,472,203)
Total shareholders' equity	59,627,526	76,714,463
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 80,139,887	\$ 96,228,505

UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited)

	Three Months Ended December 31,	
	2009	2008
REVENUE:		
Commercial revenue	\$ 1,888,490	\$ 1,355,282
Developmental revenue	2,962,522	2,231,886
Total revenue	4,851,012	3,587,168
OPERATING EXPENSES:		
Cost of chemicals sold	715,002	203,093
Research and development	4,532,618	5,180,398
Selling, general and administrative	2,927,838	2,774,141
Patent costs	729,416	1,121,998
Royalty and license expense	115,795	100,731
Total operating expenses	9,020,669	9,380,361
Operating loss	(4,169,657)	(5,793,193)
INTEREST INCOME	105,713	405,774
INTEREST EXPENSE	(3,692)	(12,637)
LOSS ON STOCK WARRANT LIABILITY	90,025	-
LOSS BEFORE INCOME TAX BENEFIT	(3,977,611)	(5,400,056)
INCOME TAX BENEFIT	129,915	962,478
NET LOSS	\$ (3,847,696)	\$ (4,437,578)
BASIC AND DILUTED NET LOSS PER COMMON SHARE	\$ (0.10)	\$ (0.12)
WEIGHTED AVERAGE SHARES USED IN COMPUTING BASIC AND DILUTED NET LOSS PER COMMON SHARE	36,749,118	36,066,777

UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited)

	Year Ended December 31,	
	2009	2008
REVENUE:		
Commercial revenue	\$ 6,118,099	\$ 5,630,758
Developmental revenue	9,668,518	5,444,466
Total revenue	<u>15,786,617</u>	<u>11,075,224</u>
OPERATING EXPENSES:		
Cost of chemicals sold	1,481,398	912,094
Research and development	20,015,080	18,908,783
Selling, general and administrative	10,921,859	10,170,593
Patent costs	3,239,795	3,348,851
Royalty and license expense	395,279	397,817
Total operating expenses	<u>36,053,411</u>	<u>33,738,138</u>
Operating loss	(20,266,794)	(22,662,914)
INTEREST INCOME	669,633	2,607,897
INTEREST EXPENSE	(7,019)	(47,197)
LOSS ON STOCK WARRANT LIABILITY	(1,031,055)	-
LOSS BEFORE INCOME TAX BENEFIT	<u>(20,635,235)</u>	<u>(20,102,214)</u>
INCOME TAX BENEFIT	129,915	962,478
NET LOSS	<u>\$ (20,505,320)</u>	<u>\$ (19,139,736)</u>
BASIC AND DILUTED NET LOSS PER COMMON SHARE	<u>\$ (0.56)</u>	<u>\$ (0.53)</u>
WEIGHTED AVERAGE SHARES USED IN COMPUTING BASIC AND DILUTED NET LOSS PER COMMON SHARE	<u>36,479,331</u>	<u>35,932,372</u>

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

	Year Ended December 31,	
	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (20,505,320)	\$ (19,139,736)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization of deferred license fees and deferred revenue	(3,986,490)	(1,527,525)
Depreciation	2,069,626	1,943,184
Amortization of intangibles	1,695,072	1,695,072
Amortization of premium and discount on investments, net	(426,065)	(1,044,499)
Stock-based employee compensation	3,156,420	3,663,575
Stock-based non-employee compensation	7,011	5,110
Non-cash expense under a materials agreement	1,170,039	1,232,668
Stock-based compensation to Board of Directors and Scientific Advisory Board	755,294	745,016
Loss on stock warrant liability	1,031,055	-
(Increase) decrease in assets:		
Accounts receivable	(893,811)	(55,028)
Inventory	1,568	38,956
Other current assets	52,309	211,023
Other assets	(157,504)	10,000
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(210,939)	621,440
Deferred license fees	-	2,000,000
Deferred revenue	1,631,527	1,815,580
Net cash used in operating activities	<u>(14,610,208)</u>	<u>(7,785,164)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(258,761)	(1,277,098)
Purchases of short-term investments	(61,345,251)	(96,859,458)
Proceeds from sale of short-term investments	69,630,000	98,737,000
Net cash provided by investing activities	<u>8,025,988</u>	<u>600,444</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from the issuance of common stock under an Employee Stock Purchase Plan	130,184	-
Proceeds from the exercise of common stock options and warrants	1,702,138	2,407,160
Payment of withholding taxes related to stock-based employee compensation	(868,557)	(771,555)
Net cash provided by financing activities	<u>963,765</u>	<u>1,635,605</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(5,620,455)	(5,549,115)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	28,321,581	33,870,696
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 22,701,126</u>	<u>\$ 28,321,581</u>