



Press Release

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FOR IMMEDIATE RELEASE

**UNIVERSAL DISPLAY CORPORATION ANNOUNCES
THIRD QUARTER 2011 FINANCIAL RESULTS**

Ewing, New Jersey — November 8, 2011 — [Universal Display Corporation](http://www.universaldisplay.com) (NASDAQ: PANL), enabling energy-efficient displays and lighting with its UniversalPHOLED™ technology and materials, today announced its results for the third quarter and nine months ended September 30, 2011.

For the third quarter of 2011, the company reported net income of \$6.0 million, or \$0.13 per basic and \$0.12 per diluted share, with revenues of \$21.8 million. This compares to a net loss of \$7.2 million, or \$0.19 per basic and diluted share, with revenues of \$7.1 million for the third quarter of 2010. Results for the third quarters of 2011 and 2010 included a non-cash gain of \$240,000 and non-cash loss of \$3.4 million, respectively, on stock warrant liability.

Sidney D. Rosenblatt, Executive Vice President and Chief Financial Officer of Universal Display, said, “We are pleased to report a significant improvement in our financial results, driven by a rapid ramp in revenues that we believe may signal the dawning of the OLED era. For the quarter, we achieved attractive returns that help demonstrate the value of the proprietary technologies and materials created by our talented and dedicated team over many years. While it is certainly rewarding to have achieved positive returns this quarter, our financial performance was accomplished although the OLED market is in its infancy. Our proprietary technologies and materials continue to show great promise in both early and advanced stages of research,

development and commercial application. We are aggressively pursuing existing growth opportunities in the smartphone, tablet, television, and lighting markets, while continuing to build our arsenal of intellectual property and next-generation materials to expand our future growth potential.”

Commercial revenue, which includes commercial chemical revenue, license and royalty revenues and commercialization assistance revenue, was \$9.9 million for the third quarter of 2011, compared to \$2.8 million for the third quarter of 2010. Developmental revenue, which includes development chemical revenue, contract research revenue and technology development revenue, was \$11.9 million for the third quarter of 2011, compared to \$4.2 million for the third quarter of 2010.

Chemical revenue accounted for \$3.5 million and \$7.5 million of the increases in commercial and developmental revenue, respectively, for the third quarter of 2011 compared to the third quarter of 2010. Within commercial and developmental chemical revenues, host material revenues accounted for \$2.9 million and \$4.3 million, respectively, of this increase. Commercial revenue also benefitted from a \$3.6 million increase in royalty and license revenue, primarily due to amounts received from Samsung Mobile Display Co., Ltd. (Samsung SMD).

Operating expenses for the third quarter of 2011 were \$15.8 million, up from \$10.9 million for the third quarter of 2010. Approximately half of the overall increase in operating expenses for the quarter was for the cost of chemicals sold, which rose by \$2.1 million. This increase was consistent with the commercialization of additional chemicals and an increase in the quantity of materials produced and shipped during the quarter.

Increased revenues and operating expense control enabled the company to improve operating income by almost \$10 million year-over-year, turning a \$3.9 million operating loss for the third quarter of 2010 into a \$5.9 million operating profit for the third quarter of 2011.

Mr. Rosenblatt concluded, “In addition to our record financial performance, we achieved a number of other significant milestones this quarter. Most prominently, we entered into new

OLED Patent License and Supplemental OLED Material Purchase Agreements with Samsung SMD. These agreements provide the strategic advantages that accompany having an industry leader unequivocally declare our PHOLED technology the standard against which all OLED products will be measured. Samsung has also started to take deliveries of our phosphorescent green material, on which sales we intend to build the next phase of our growth. In our lighting business, we announced new contracts with industry leaders Pioneer Corporation and Panasonic Idemitsu OLED Lighting Co., Ltd., both of which have been licensed to integrate our proprietary technologies and materials into their OLED lighting products. Our materials supply agreement with PPG Industries, Inc. was also extended, assuring us of a reliable and high-quality source of our proprietary materials for the future. Recent announcements throughout the display and lighting industries indicate that product manufacturers are preparing to more aggressively adopt OLEDs for an increasing number of varying applications. From smartphones to tablets and televisions, OLEDs enabled by our proprietary technologies and materials are providing manufacturers with the efficiency and performance necessary to differentiate their products in the market and deliver value to their customers.”

Nine Month Results

For the nine months ended September 30, 2011, the company reported revenues of \$42.6 million, compared to revenues of \$19.7 million for the same period in 2010. Commercial revenue for the nine months ended September 30, 2011 was \$19.9 million, compared to \$6.6 million for the same period in 2010. Developmental revenue for the nine months ended September 30, 2011 was \$22.7 million, compared to \$13.1 million for the same period in 2010.

Operating income for the nine months ended September 30, 2011 was \$2.1 million, compared to an operating loss of \$10.0 million for the same period in 2010. The net loss was \$2.6 million, or \$0.06 per basic and diluted share, for the nine months ended September 30, 2011, compared to a net loss of \$14.6 million, or \$0.39 per basic and diluted share, for the same period in 2010.

Results for the nine months ended September 30, 2011 and 2010 included \$4.2 million and \$5.2 million, respectively, of non-cash losses on stock warrant liability.

Cash provided by operating activities for the nine months ended September 30, 2011 was \$7.8 million, compared to cash used in operating activities of \$5.0 million for the nine months ended September 30, 2010. Compared to a use of cash in operating activities for the first three quarters of 2010, the company was able to generate significant cash from operating activities over the first three quarters of 2011, primarily as a result of an approximately \$12.1 million decrease in the net loss, excluding the impact of non-cash items. Our balance sheet remained strong, with cash, cash equivalents and short-term investments increasing to \$338 million as of September 30, 2011, compared to cash, cash equivalents and short-term investments of \$73.2 million as of December 31, 2010, primarily due to \$250 million raised in an equity offering consummated in March 2011.

Our new arrangement with Samsung SMD provides the first real visibility into our potential future financial performance. Although the OLED industry is still at the stage where many variables can have a material effect on growth, in an effort to increase our transparency, we are providing the following financial guidance. Due to seasonal factors, we believe revenues for the fourth quarter of 2011 will be below revenues for the third quarter of 2011, and that for the full year 2011, our revenues should be in the range of \$58 million to \$62 million. Again with the caveat that the OLED industry is still in an early stage, we believe that our revenues will be in the range of \$90 million to \$110 million for fiscal 2012.

In conjunction with this release, Universal Display will host a conference call, followed by a question and answer session, on Tuesday, November 8, 2011 at 5:00 p.m. Eastern Time. Interested parties may participate by calling 877-681-3377 at 4:55 p.m. Eastern Time and referencing conference ID 4531848. A taped replay of the conference call will be available within two hours of the conclusion of the call and will remain available through Tuesday, November 22, 2011. The number to call for the taped replay is 888-203-1112, and the conference PIN is 4531848.

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 1,200 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, Chimei Innolux Corporation, DuPont Displays, Inc., Konica Minolta Technology Center, Inc., LG Display Co., Ltd., Moser Baer Technologies Inc., Panasonic Idemitsu OLED Lighting Co., Ltd., Pioneer Corporation, 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 and future revenues, 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, 2010 and quarterly report on Form 10-Q for the quarterly period ended March 31, 2011. 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)

| | September 30, 2011 | December 31, 2010 |
|-----------------------------|-------------------------------|------------------------------|
| | <u> </u> | <u> </u> |
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 67,124,442 | \$ 20,368,852 |
| Short-term investments | 270,829,172 | 52,794,545 |
| Accounts receivable | 11,761,280 | 7,247,873 |
| Inventory | 2,230,620 | 2,209 |
| Other current assets | <u>1,715,179</u> | <u>1,986,030</u> |
| Total current assets | 353,660,693 | 82,399,509 |
| PROPERTY AND EQUIPMENT, net | 10,827,191 | 9,711,093 |
| ACQUIRED TECHNOLOGY, net | 405,450 | - |
| OTHER ASSETS | <u>312,384</u> | <u>216,529</u> |
| TOTAL ASSETS | <u><u>\$ 365,205,718</u></u> | <u><u>\$ 92,327,131</u></u> |

LIABILITIES AND SHAREHOLDERS' EQUITY

| | | |
|---|------------------------------|-----------------------------|
| CURRENT LIABILITIES: | | |
| Accounts payable | \$ 5,780,710 | \$ 2,155,489 |
| Accrued expenses | 6,519,459 | 6,906,289 |
| Deferred revenue | 5,911,922 | 5,323,154 |
| Stock warrant liability | - | 10,659,755 |
| Other current liabilities | <u>24,546</u> | <u>-</u> |
| Total current liabilities | 18,236,637 | 25,044,687 |
| DEFERRED REVENUE | 3,281,843 | 2,775,024 |
| RETIREMENT PLAN BENEFIT LIABILITY | <u>7,773,056</u> | <u>7,077,901</u> |
| Total liabilities | <u>29,291,536</u> | <u>34,897,612</u> |
| 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, 100,000,000 shares authorized, 46,061,998 and 38,936,571 shares issued and outstanding at September 30, 2011 and December 31, 2010, respectively | 460,620 | 389,366 |
| Additional paid-in capital | 560,635,634 | 280,102,227 |
| Accumulated deficit | (219,604,845) | (217,026,115) |
| Accumulated other comprehensive loss | <u>(5,579,227)</u> | <u>(6,037,959)</u> |
| Total shareholders' equity | <u>335,914,182</u> | <u>57,429,519</u> |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | <u><u>\$ 365,205,718</u></u> | <u><u>\$ 92,327,131</u></u> |

UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited)

| | Three Months Ended September 30, | |
|---|---|----------------|
| | 2011 | 2010 |
| REVENUE: | | |
| Commercial revenue | \$ 9,881,533 | \$ 2,836,587 |
| Developmental revenue | 11,895,607 | 4,219,274 |
| Total revenue | 21,777,140 | 7,055,861 |
| OPERATING EXPENSES: | | |
| Cost of chemicals sold | 2,405,493 | 329,629 |
| Research and development | 6,079,433 | 5,760,105 |
| Selling, general and administrative | 4,957,085 | 3,452,815 |
| Patent costs | 1,938,143 | 1,177,383 |
| Royalty and license expense | 461,917 | 218,474 |
| Total operating expenses | 15,842,071 | 10,938,406 |
| Operating income (loss) | 5,935,069 | (3,882,545) |
| INTEREST INCOME | 363,700 | 64,373 |
| INTEREST EXPENSE | (13,263) | (5,957) |
| GAIN (LOSS) ON STOCK WARRANT LIABILITY | 239,562 | (3,362,441) |
| INCOME (LOSS) BEFORE INCOME TAX EXPENSE | 6,525,068 | (7,186,570) |
| INCOME TAX EXPENSE | (535,642) | - |
| NET INCOME (LOSS) | \$ 5,989,426 | \$ (7,186,570) |
| NET INCOME (LOSS) PER COMMON SHARE: | | |
| BASIC | \$ 0.13 | \$ (0.19) |
| DILUTED | \$ 0.12 | \$ (0.19) |
| WEIGHTED AVERAGE SHARES USED IN COMPUTING | | |
| NET INCOME (LOSS) PER COMMON SHARE: | | |
| BASIC | 45,314,893 | 37,741,107 |
| DILUTED | 46,799,557 | 37,741,107 |

UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited)

| | Nine Months Ended September 30, | |
|---|--|-----------------|
| | 2011 | 2010 |
| REVENUE: | | |
| Commercial revenue | \$ 19,904,312 | \$ 6,618,626 |
| Developmental revenue | 22,725,783 | 13,130,714 |
| Total revenue | 42,630,095 | 19,749,340 |
| OPERATING EXPENSES: | | |
| Cost of chemicals sold | 2,650,695 | 646,666 |
| Research and development | 18,186,043 | 16,089,409 |
| Selling, general and administrative | 13,324,863 | 9,719,643 |
| Patent costs | 5,466,245 | 2,802,549 |
| Royalty and license expense | 881,956 | 507,094 |
| Total operating expenses | 40,509,802 | 29,765,361 |
| Operating income (loss) | 2,120,293 | (10,016,021) |
| INTEREST INCOME | 644,050 | 201,153 |
| INTEREST EXPENSE | (31,331) | (18,664) |
| LOSS ON STOCK WARRANT LIABILITY | (4,190,283) | (5,231,626) |
| LOSS BEFORE INCOME TAX (EXPENSE) BENEFIT | (1,457,271) | (15,065,158) |
| INCOME TAX (EXPENSE) BENEFIT | (1,121,459) | 464,162 |
| NET LOSS | \$ (2,578,730) | \$ (14,600,996) |
| BASIC AND DILUTED NET LOSS PER COMMON SHARE | \$ (0.06) | \$ (0.39) |
| WEIGHTED AVERAGE SHARES USED IN COMPUTING BASIC AND DILUTED NET LOSS PER COMMON SHARE | 43,101,933 | 37,380,190 |

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

| | Nine Months Ended September 30, | |
|---|--|---------------------|
| | 2011 | 2010 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net loss | \$ (2,578,730) | \$ (14,600,996) |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities: | | |
| Amortization of deferred revenue | (2,234,413) | (3,653,330) |
| Depreciation | 1,092,305 | 1,329,279 |
| Amortization of intangibles | 34,194 | 1,234,272 |
| Amortization of premium and discount on investments, net | (483,288) | (121,891) |
| Stock-based employee compensation | 3,270,286 | 1,902,701 |
| Stock-based non-employee compensation | 2,899 | 43,308 |
| Non-cash expense under a materials agreement | 9,181 | 896,184 |
| Stock-based compensation to Board of Directors and Scientific Advisory Board | 1,252,275 | 660,983 |
| Loss on stock warrant liability | 4,190,283 | 5,231,626 |
| Retirement plan benefit expense | 1,145,154 | 684,164 |
| (Increase) decrease in assets: | | |
| Accounts receivable | (4,513,407) | (1,352,085) |
| Inventory | (2,228,411) | (1,568) |
| Other current assets | 270,851 | (211,372) |
| Other assets | (95,855) | (38,835) |
| Increase in liabilities: | | |
| Accounts payable and accrued expenses | 5,306,827 | 2,335,190 |
| Other current liabilities | 24,546 | - |
| Deferred revenue | 3,330,000 | 688,623 |
| Net cash provided by (used in) operating activities | <u>7,794,697</u> | <u>(4,973,747)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of property and equipment | (2,208,403) | (218,609) |
| Purchase of intangibles | (439,644) | - |
| Purchase of short-term investments | (290,269,260) | (71,972,672) |
| Proceeds from sale of short-term investments | 72,726,654 | 56,454,984 |
| Net cash used in investing activities | <u>(220,190,653)</u> | <u>(15,736,297)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from the issuance of common stock | 249,867,265 | 191,618 |
| Proceeds from the exercise of common stock options and warrants | 13,282,797 | 7,167,562 |
| Payment of withholding taxes related to stock-based employee compensation | (3,998,516) | (1,147,522) |
| Net cash provided by financing activities | <u>259,151,546</u> | <u>6,211,658</u> |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 46,755,590 | (14,498,386) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD | 20,368,852 | 22,701,126 |
| CASH AND CASH EQUIVALENTS, END OF PERIOD | <u>\$ 67,124,442</u> | <u>\$ 8,202,740</u> |