



Press Release

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For Immediate Release

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

Ewing, New Jersey — May 9, 2011 — Universal Display Corporation (NASDAQ: PANL), enabling energy-efficient displays and lighting with its UniversalPHOLED® technology and materials, today announced its results for the first quarter of 2011.

Revenues for the first quarter of 2011 were \$9,600,540, a 126% increase compared to first quarter 2010 revenues of \$4,246,650. Commercial revenue, which includes commercial chemical revenue, license and royalty revenues, and commercialization assistance revenue, was \$4,744,075 for the quarter, compared to \$1,830,147 for the first quarter of 2010, an increase of 159%, primarily due to increased royalty revenues and commercial chemical sales. Developmental revenue, which includes development chemical revenue, contract research revenue, and technology development revenue, was \$4,856,465 for the quarter, compared to \$2,416,503 for the first quarter of 2010, an increase of 101%, due to increased developmental chemical sales and contract revenue.

For the first quarter of 2011, the Company reported an operating loss of \$2,744,023, an improvement of nearly \$1.5 million compared to the operating loss of \$4,224,332 for the first quarter of 2010. The net loss for the first quarter of 2011 was \$11,880,856, or \$0.31 per diluted share, compared to a net loss of \$2,978,331, or \$0.08 per diluted share, for the first quarter of 2010. The net loss for the first quarter of 2011 included a \$8,926,212 non-cash loss on stock warrant liability, compared to a gain of \$713,243 on stock warrant liability for the first quarter of 2010. Operating expenses for the first quarter of 2011 were \$12,344,563, compared to \$8,470,982 for the first quarter of 2010.

“We are pleased to report that our revenues more than doubled and our operating loss was reduced by nearly \$1.5 million for the first quarter of 2011, sustaining the significant growth and improved financial performance achieved over the past several quarters,” said Sidney D. Rosenblatt, Executive Vice President and Chief Financial Officer of Universal Display. “In addition, the proceeds from our recent successful equity offering place us in the strongest financial position in the Company’s history. Though our bottom line continues to reflect non-cash charges that will cease this August upon the exercise or expiration of our stock warrants, the improvement in operating performance is encouraging and more representative of the fundamental strength of the Company. After doubling last year, revenues are off to another strong start this year as commercial OLED technology adoption accelerates, new application development remains strong, and production display manufacturing capacity begins its expected expansion.”

Cash provided by operating activities for the first quarter of 2011 was \$1,617,498, compared to \$442,848 of cash used in operating activities for the first quarter of 2010. The increase was mainly due to a decrease of approximately \$1.2 million in our operating loss, after adjusting for the impact of non-cash items, an increase of \$375,000 in deferred revenue and licensing fees received, and the impact of the timing of receipt of accounts receivable. The Company’s balance sheet remained strong at quarter end, with cash, cash equivalents and short-term investments totaling \$324,925,312 as of March 31, 2011, compared to \$73,163,397 as of December 31, 2010, attributable to the Company’s equity offering in March 2011.

Mr. Rosenblatt concluded, “Already this year, to create a more visible and tangible presence in Asia, we have established new state-of-the-art chemistry laboratories in Hong Kong and a new subsidiary in Japan. On the technology side, advances achieved in our solution-processible phosphorescent OLED material systems have the potential to enable low-cost OLED manufacturing, while a novel single-layer encapsulation technology has been developed for OLEDs and other thin-film devices. These efforts to expand our geographical presence and invest in new technologies reflect our commitment to sustaining and advancing our leadership in OLED materials, technology and intellectual property. We believe there are tremendous growth opportunities both in the existing markets where we are delivering commercial products as well as in new, emerging markets, both for displays and lighting products, for which we are developing new platforms and applications.”

In conjunction with this release, Universal Display will host a conference call, followed by a question and answer session, on Monday, May 9, 2011 at 5:00 p.m. Eastern Time. Interested parties may participate by calling 888-230-5502 at 5:00 p.m. Eastern Time and referencing conference ID 9989635. 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 23, 2011. The number to call for the taped replay is 888-203-1112, and the conference PIN is 9989635.

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, Chimei Innolux Corporation, DuPont Displays, Inc., Konica Minolta Technology Center, Inc., LG Display Co., Ltd., Moser Baer Technologies Inc., 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, 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)**

	March 31, 2011	December 31, 2010
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ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 258,105,759	\$ 20,368,852
Short-term investments	66,819,553	52,794,545
Accounts receivable	5,985,388	7,247,873
Other current assets	1,683,215	1,988,239
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Total current assets	332,593,915	82,399,509
PROPERTY AND EQUIPMENT, net	9,814,557	9,711,093
ACQUIRED TECHNOLOGY, net	434,760	-
OTHER ASSETS	332,460	216,529
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TOTAL ASSETS	\$ 343,175,692	\$ 92,327,131
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LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 2,277,646	\$ 2,155,489
Accrued expenses	4,968,815	6,906,289
Deferred revenue	5,081,214	5,323,154
Stock warrant liability	13,109,785	10,659,755
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Total current liabilities	25,437,460	25,044,687
DEFERRED REVENUE	3,611,843	2,775,024
RETIREMENT PLAN BENEFIT LIABILITY	7,309,619	7,077,901
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Total liabilities	36,358,922	34,897,612
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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, 45,353,273 and 38,936,571 shares issued and outstanding at March 31, 2011 and December 31, 2010, respectively	453,533	389,366
Additional paid-in capital	541,145,617	280,102,227
Accumulated deficit	(228,906,971)	(217,026,115)
Accumulated other comprehensive loss	(5,877,409)	(6,037,959)
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Total shareholders' equity	306,816,770	57,429,519
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TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 343,175,692	\$ 92,327,131
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UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)**

	Three Months Ended March 31,	
	2011	2010
REVENUE:		
Commercial revenue	\$ 4,744,075	\$ 1,830,147
Developmental revenue	4,856,465	2,416,503
Total revenue	9,600,540	4,246,650
OPERATING EXPENSES:		
Cost of chemicals sold	102,662	98,620
Research and development	6,555,118	4,828,797
Selling, general and administrative	3,871,957	2,642,246
Patent costs	1,613,042	781,259
Royalty and license expense	201,784	120,060
Total operating expenses	12,344,563	8,470,982
Operating loss	(2,744,023)	(4,224,332)
INTEREST INCOME	95,473	75,655
INTEREST EXPENSE	(9,638)	(7,059)
(LOSS) GAIN ON STOCK WARRANT LIABILITY	(8,926,212)	713,243
LOSS BEFORE INCOME TAX (EXPENSE) BENEFIT	(11,584,400)	(3,442,493)
INCOME TAX (EXPENSE) BENEFIT	(296,456)	464,162
NET LOSS	\$ (11,880,856)	\$ (2,978,331)
BASIC AND DILUTED NET LOSS PER COMMON SHARE	\$ (0.31)	\$ (0.08)
WEIGHTED AVERAGE SHARES USED IN COMPUTING BASIC AND DILUTED NET LOSS PER COMMON SHARE	38,895,999	37,029,462

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

	Three Months Ended March 31,	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (11,880,856)	\$ (2,978,331)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Amortization of deferred revenue	(705,121)	(710,626)
Depreciation	371,901	513,557
Amortization of intangibles	4,884	423,768
Amortization of premium and discount on investments, net	(64,039)	(43,619)
Stock-based employee compensation	1,038,968	463,133
Stock-based non-employee compensation	473	40,848
Non-cash expense under a materials agreement	9,181	243,459
Stock-based compensation to Board of Directors and Scientific Advisory Board	529,480	149,703
Loss (gain) on stock warrant liability	8,926,212	(713,243)
Retirement plan benefit expense	381,718	-
(Increase) decrease in assets:		
Accounts receivable	1,262,485	944,958
Other current assets	305,024	38,655
Other assets	(115,931)	(18,281)
Increase in liabilities:		
Accounts payable and accrued expenses	253,119	278,171
Deferred revenue	1,300,000	925,000
Net cash provided by (used in) operating activities	<u>1,617,498</u>	<u>(442,848)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(475,365)	(89,300)
Purchase of intangibles	(439,644)	-
Purchases of short-term investments	(37,346,073)	(35,224,272)
Proceeds from sale of short-term investments	23,395,654	20,939,983
Net cash used in by investing activities	<u>(14,865,428)</u>	<u>(14,373,589)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from the issuance of common stock	249,802,545	62,659
Proceeds from the exercise of common stock options and warrants	5,119,944	722,682
Payment of withholding taxes related to stock-based employee compensation	(3,937,652)	(1,116,387)
Net cash provided by (used in) financing activities	<u>250,984,837</u>	<u>(331,046)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	237,736,907	(15,147,483)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	20,368,852	22,701,126
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 258,105,759</u>	<u>\$ 7,553,643</u>