



Press Release

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**FOR IMMEDIATE RELEASE**

**UNIVERSAL DISPLAY CORPORATION ANNOUNCES  
FOURTH QUARTER AND FULL YEAR 2011 FINANCIAL RESULTS**

**Ewing, New Jersey — February 28, 2012** — Universal Display Corporation (NASDAQ: PANL), enabling energy-efficient displays and lighting with its [UniversalPHOLED®](#) technology and materials, today announced its results for the fourth quarter and year ended December 31, 2011.

For the fourth quarter of 2011, the company reported operating income of \$3.6 million and net income of \$5.7 million, or \$0.12 per diluted share, on revenues of \$18.7 million. This compares to an operating loss of \$210,000 and a net loss of \$5.3 million, or \$0.14 per diluted share, on revenues of \$10.8 million for the fourth quarter of 2010.

“Strong demand for both our proprietary materials and technology sustained the momentum in our business, led to another quarter of top and bottom line growth, and lifted the company to its first ever full year profit,” said Sidney D. Rosenblatt, Executive Vice President and Chief Financial Officer of Universal Display. “Results continue to reflect increased penetration of our OLED materials and technology into the commercial display market, as well as growth in research and development efforts from a broad cross-section of manufacturers developing new applications for our OLED materials and technology. As revenues scale, our strong gross margins and operating leverage are driving an improved bottom line and delivering value for our shareholders. In addition, with OLEDs having eclipsed the inflection point, our operations are also now generating positive cash flow, which is adding to our overall financial strength. With

manufacturers announcing plans to expand OLED productive capacity, to introduce a host of new products featuring OLED displays, and to develop OLED white lighting products, we believe the company is in a strong position to benefit from a market with significant growth opportunities.”

Revenues for the fourth quarter of 2011 were \$18.7 million, up 73% compared to the fourth quarter 2010 revenues of \$10.8 million. Material sales were \$10.8 million for the quarter, up 47% compared to \$7.4 million for the fourth quarter of 2010, primarily due to increased material sales under commercial agreements. Royalty and license fees were \$5.4 million for the quarter, up 207% compared to \$1.8 million for the fourth quarter of 2010, due to \$5 million in license payments from a large customer during the quarter. Please note that revenue categories have been revised to better reflect the primary sources of the company’s revenue.

### **FULL YEAR RESULTS**

For the full year of 2011, the company reported revenues of \$61.3 million, up 101% compared to revenues of \$30.5 million for 2010. Material sales for 2011 were \$37.4 million, up 117% compared to \$17.3 million for 2010. Royalty and license fees for 2011 were \$15.3 million, up 233% compared to \$4.6 million for 2010. Technology development and support revenue was \$8.5 million for 2011, down slightly compared to \$8.7 million for 2010.

Driven by revenue growth and strong gross margins, operating income for 2011 rose to \$5.7 million for the year, up nearly \$16 million from an operating loss of \$10.2 million for 2010. The company reported net income of \$3.2 million, or \$0.07 per diluted share, for the full year of 2011, compared to a net loss of \$19.9 million, or \$0.53 per diluted share, for 2010. Net income (loss) for 2011 and 2010 includes \$4.2 million and \$10.1 million, respectively, of non-cash losses on stock warrant liability. Net income for 2011 also reflects a net tax benefit of \$714,000, attributable to \$2.7 million in tax benefits recorded in the fourth quarter of the year from the sale of state-related net operating losses and tax credits, offset by \$1.9 million of foreign taxes.

Cash provided by operating activities for 2011 was \$16.4 million, compared to cash used in operations of \$4.2 million for 2010. The increase in cash provided by operating activities was mainly due to an improvement in operating income. The company’s balance sheet remained

strong at December 31, 2011, with cash, cash equivalents and short-term investments of \$346.1 million, with the improvement primarily due to \$249.9 million raised in an equity offering consummated in March 2011.

Mr. Rosenblatt concluded, “The results achieved over this past year show that there is growing consumer demand for products featuring bright, beautiful AMOLED displays. Universal Display is proud to have pioneered the materials and technology behind the industry’s most successful new displays. The company’s recent growth validates our business strategy and provides an indication of the pace and magnitude at which our proprietary PHOLED materials and technology are being adopted by the market. Our financial performance over this past year demonstrates how we have been able to leverage our industry leadership position to create value for the company’s shareholders.

“Over the longer term, we are encouraged by the increasing number of consumer electronics manufacturers that are designing OLED displays into their new products, especially larger-area displays. Lighting is another market with vast potential that OLED technology has yet to penetrate. For these reasons, we are committed to maintaining our industry leadership position by meeting the current materials and technology needs of our commercial customers, while at the same time supporting the research and new product development efforts of our many partners as they use OLEDs to open new markets and expand the industry’s potential in new and exciting directions.”

In conjunction with this release, Universal Display will host a conference call, followed by a question and answer session, on Tuesday, February 28, 2012 at 5:00 p.m. Eastern Time. Interested parties may participate by calling 800-967-7185 at 5:00 p.m. Eastern Time and referencing conference ID 4863292. 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, March 13, 2012. The number to call for the taped replay is 888-203-1112, and the conference PIN is 4863292.

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](http://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 diode (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 1,400 issued and pending patents worldwide. Universal Display licenses its proprietary technologies, including its breakthrough high-efficiency UniversalPHOLED<sup>®</sup> 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., Lumiotec, Inc., Moser Baer Technologies Inc., Panasonic Idemitsu OLED Lighting Co., 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](http://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, 2011. Universal Display Corporation disclaims any obligation to update any forward-looking statement contained in this document.*

**Tables Follow:**

**UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(unaudited)

	<b>December 31, 2011</b>	<b>December 31, 2010</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 111,795,229	\$ 20,368,852
Short-term investments	234,294,041	52,794,545
Accounts receivable	10,726,524	7,247,873
Inventory	3,842,729	2,209
Other current assets	1,645,504	1,986,030
Total current assets	362,304,027	82,399,509
PROPERTY AND EQUIPMENT, net	10,883,939	9,711,093
ACQUIRED TECHNOLOGY, net	390,795	-
OTHER ASSETS	298,964	216,529
<b>TOTAL ASSETS</b>	<b>\$ 373,877,725</b>	<b>\$ 92,327,131</b>

**LIABILITIES AND SHAREHOLDERS' EQUITY**

<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 4,776,446	\$ 2,155,489
Accrued expenses	9,019,722	6,906,289
Deferred revenue	5,534,176	5,323,154
Stock warrant liability	-	10,659,755
Other current liabilities	186,952	-
Total current liabilities	19,517,296	25,044,687
DEFERRED REVENUE	3,873,539	2,775,024
RETIREMENT PLAN BENEFIT LIABILITY	8,259,690	7,077,901
Total liabilities	31,650,525	34,897,612
<b>SHAREHOLDERS' EQUITY:</b>		
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, 46,113,296 and 38,936,571 shares issued and outstanding at December 31, 2011 and 2010, respectively	461,133	389,366
Additional paid-in capital	561,492,336	280,102,227
Accumulated deficit	(213,870,962)	(217,026,115)
Accumulated other comprehensive loss	(5,857,307)	(6,037,959)
Total shareholders' equity	342,227,200	57,429,519
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 373,877,725</b>	<b>\$ 92,327,131</b>

**UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF OPERATIONS**

(unaudited)

	<b>Three Months Ended December 31,</b>	
	<b>2011</b>	<b>2010</b>
<b>REVENUE:</b>		
Material sales	\$ 10,838,984	\$ 7,368,087
Royalty and license fees	5,447,556	1,772,701
Technology development and support revenue	2,372,043	1,654,252
Total revenue	18,658,583	10,795,040
<b>OPERATING EXPENSES:</b>		
Cost of material sales	1,080,145	240,843
Research and development	5,943,190	5,605,730
Selling, general and administrative	5,615,053	3,321,795
Patent costs	1,976,129	1,468,140
Royalty and license expense	477,622	368,808
Total operating expenses	15,092,139	11,005,316
Operating income (loss)	3,566,444	(210,276)
INTEREST INCOME	350,171	78,321
INTEREST EXPENSE	(18,244)	(9,207)
LOSS ON STOCK WARRANT LIABILITY	-	(4,845,439)
INCOME (LOSS) BEFORE INCOME TAX BENEFIT (EXPENSE)	3,898,371	(4,986,601)
INCOME TAX BENEFIT (EXPENSE)	1,835,512	(329,813)
NET INCOME (LOSS)	\$ 5,733,883	\$ (5,316,414)
<b>NET INCOME (LOSS) PER COMMON SHARE:</b>		
BASIC	\$ 0.13	\$ (0.14)
DILUTED	\$ 0.12	\$ (0.14)
<b>WEIGHTED AVERAGE SHARES USED IN COMPUTING NET INCOME (LOSS) PER COMMON SHARE:</b>		
BASIC	45,625,323	38,112,123
DILUTED	46,896,277	38,112,123

**UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(unaudited)

	<b>Year Ended December 31,</b>	
	<b>2011</b>	<b>2010</b>
<b>REVENUE:</b>		
Material sales	\$ 37,443,329	\$ 17,271,749
Royalty and license fees	15,345,281	4,605,512
Technology development and support revenue	8,500,068	8,667,119
Total revenue	61,288,678	30,544,380
<b>OPERATING EXPENSES:</b>		
Cost of material sales	3,730,840	887,509
Research and development	24,129,233	21,695,139
Selling, general and administrative	18,939,916	13,041,438
Patent costs	7,442,374	4,270,689
Royalty and license expense	1,359,578	875,902
Total operating expenses	55,601,941	40,770,677
Operating income (loss)	5,686,737	(10,226,297)
INTEREST INCOME	994,221	279,474
INTEREST EXPENSE	(49,575)	(27,871)
LOSS ON STOCK WARRANT LIABILITY	(4,190,283)	(10,077,065)
<b>INCOME (LOSS) BEFORE INCOME TAX BENEFIT</b>	2,441,100	(20,051,759)
<b>INCOME TAX BENEFIT</b>	714,053	134,349
<b>NET INCOME (LOSS)</b>	\$ 3,155,153	\$ (19,917,410)
<b>NET INCOME (LOSS) PER COMMON SHARE:</b>		
BASIC	\$ 0.07	\$ (0.53)
DILUTED	\$ 0.07	\$ (0.53)
<b>WEIGHTED AVERAGE SHARES USED IN COMPUTING</b>		
<b>NET INCOME (LOSS) PER COMMON SHARE:</b>		
BASIC	43,737,968	37,567,374
DILUTED	45,140,394	37,567,374

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

	<b>Year Ended December 31,</b>	
	<b>2011</b>	<b>2010</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income (loss)	\$ 3,155,153	\$ (19,917,410)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Amortization of deferred revenue	(3,275,064)	(4,890,555)
Depreciation	1,451,146	1,706,816
Amortization of intangibles	48,849	1,234,272
Amortization of premium and discount on investments, net	(774,570)	(172,737)
Stock-based employee compensation	4,372,673	4,553,713
Stock-based non-employee compensation	6,325	47,222
Non-cash expense under a materials agreement	9,181	1,173,347
Stock-based compensation to Board of Directors and Scientific Advisory Board	1,376,963	1,332,712
Loss on stock warrant liability	4,190,283	10,077,065
Retirement plan benefit expense	1,526,872	1,026,244
(Increase) decrease in assets:		
Accounts receivable	(3,478,651)	(3,903,618)
Inventory	(3,840,520)	(1,568)
Other current assets	340,526	(1,575,432)
Other assets	(82,435)	10,747
Increase in liabilities:		
Accounts payable and accrued expenses	6,774,688	2,387,942
Other current liabilities	23,407	-
Deferred revenue	4,584,601	2,711,102
Net cash provided by (used in) operating activities	<u>16,409,427</u>	<u>(4,200,138)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(2,623,992)	(369,145)
Purchases of intangibles	(439,644)	-
Purchases of short-term investments	(337,442,466)	(91,393,656)
Proceeds from sale of short-term investments	156,716,654	79,932,984
Net cash used in investing activities	<u>(183,789,448)</u>	<u>(11,829,817)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from issuance of common stock	249,936,156	245,684
Proceeds from the exercise of common stock options and warrants	13,342,791	14,618,569
Payment of withholding taxes related to stock-based employee compensation	(4,472,549)	(1,166,572)
Net cash provided by financing activities	<u>258,806,398</u>	<u>13,697,681</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>91,426,377</b>	<b>(2,332,274)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>20,368,852</b>	<b>22,701,126</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u>\$ 111,795,229</u></b>	<b><u>\$ 20,368,852</u></b>