UNIVERSAL DISPLAY CORPORATION

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Universal Display Awarded U.S. Department of Defense SBIR Phase II Program

PROGRAM WILL FOCUS ON THE DEVELOPMENT OF NOVEL ENCAPSULATION TECHNOLOGY FOR FLEXIBLE OLED PRODUCTS

EWING, N.J.--(BUSINESS WIRE)--Universal Display Corporation (NASDAQ:PANL), the Company that's lighting the way in developing and commercializing OLED technology for flat panel displays, lighting, electronic communications, and other opto-electronics with its proprietary PHOLED™ phosphorescent OLED technology, today announced that it has been awarded a $730,000 Small Business Innovation Research (SBIR) Phase II contract by the U.S. Army Research Laboratories (ARL) to continue its development of innovative encapsulation technology for flexible OLEDs.

"Through our recent work with Princeton University, we have identified a new approach that may accelerate the development and demonstration of a low-cost, long-lived flexible OLED for display and lighting products in military and commercial applications."

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In this program, entitled "Flexible and Conformal Environmental Barrier Technology for Displays," Universal Display will be using a new approach to encapsulate a long-lived, active-matrix OLED (AMOLED) display prototype built on flexible metal foil. During the prior Phase I program, Universal Display and Princeton University demonstrated the feasibility of this multilayer encapsulation process based on plasma-enhanced chemical vapor deposition (or PECVD). This technology, pioneered at Princeton University, is designed to enable the deposition of protective, barrier films onto an OLED's top surface, a critical element on the development roadmap for flexible OLED displays.

"We are pleased to receive this Phase II contract from the U.S. Army Research Laboratories to further develop innovative encapsulation technology," said Steven V. Abramson, President and Chief Operating Officer of Universal Display. "Through our recent work with Princeton University, we have identified a new approach that may accelerate the development and demonstration of a low-cost, long-lived flexible OLED for display and lighting products in military and commercial applications."

This Phase II contract joins a growing list of grants from the U.S. Department of Defense for the development of FOLED™ flexible OLED displays on plastic and metallic foil substrates. This new ARL-funded program complements the ongoing success under these other programs, and provides value to work already underway in the Company's white lighting initiative.

To see how Universal Display is changing the face of the display industry, please visit the Company at http://www.universaldisplay.com.

About Universal Display Corporation

Universal Display Corporation is a world leader in developing and commercializing innovative OLED technologies and materials for use in the electronic flat panel display, lighting, electronic communications, and other opto-electronic markets. Universal Display is working with a network of world-class organizations including Princeton University, the

University of Southern California, the University of Michigan and PPG Industries. The Company has also established more than 20 development programs and other similar relationships with companies such as Tohoku Pioneer Corporation; Samsung SDI Co.; AU Optronics Corporation; DuPont Displays, Inc.; Seiko Epson Corporation; Sony Corporation; and Toyota Industries Corporation. Universal Display currently owns or has exclusive or sole rights in approximately 750 issued and pending patents worldwide.

Universal Display is located in the Princeton Crossroads Corporate Center in Ewing, New Jersey, minutes away from its research partner at Princeton University. Universal Display's state-of-the-art facility is designed to further technology and materials development, technology transfer to manufacturing partners and work with customers to develop products to meet their needs for OLED products. Visit Universal Display on the Web at www.universaldisplay.com.

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, 2005. Universal Display Corporation disclaims any obligation to update any forward-looking statement contained in this document.

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