UNIVERSAL DISPLAY CORPORATION

5/9/2005

Universal Display Corporation Announces First Quarter 2005 Results of Operations

EWING, N.J. (BUSINESS WIRE) Universal Display Corporation (NASDAQ:PANL), a leading developer of organic light emitting diode (OLED) technologies for flat panel displays, lighting and other opto-electronic applications, today announced its results of operations for the quarter ended March 31, 2005.

Revenues in the first quarter of 2005 totaled $1.5 million, compared to $2.1 million for the comparable quarter in 2004. Revenues consisted of $699,056 in government contract research revenue, $444,757 from development and commercial chemical revenue, royalty and license fees totaling $73,255, and $250,000 in technology development revenue from business partners.

“Looking ahead, we remain strong from a cash perspective. Our balance sheet strength should serve us well as we drive the commercialization of our OLED technologies.”

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For the quarter, Universal Display reported a net loss of $5.0 million, or $0.18 per diluted share, compared to a net loss of $4.1 million, or $0.17 per diluted share for the first quarter of 2004. During the first quarter of 2005, cash used in operating activities was $1.2 million, compared to $1.9 million for the first quarter of 2004.

"The reduction in cash used in operations is important to Universal Display, as payments from customers, whether recorded as revenues, deferred revenues or deferred license fees, represent progress towards our goal of industry adoption of our OLED technologies," said Sidney D. Rosenblatt, Chief Financial Officer of Universal Display. "In addition, after the end of the quarter we signed an OLED patent license agreement with Samsung SDI Co., Ltd., which we believe is a significant step towards this important goal. This agreement paves the way for Samsung SDI to integrate our proprietary OLED technologies into Samsung SDI's active-matrix OLED display products."

Mr. Rosenblatt continued, "Looking ahead, we remain strong from a cash perspective. Our balance sheet strength should serve us well as we drive the commercialization of our OLED technologies."

Universal Display will host a conference call today, Monday, May 9th at 5:00 PM Eastern Time, followed by a question and answer session. Interested parties may participate by calling 973-409-9254 at 4:55 PM Eastern Time. 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 website at http://www.universaldisplay.com/investors.htm.

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, 2005. The number to call for the taped replay is 877-519-4471 and the conference PIN is 6029530. An online archive of the web cast will be available within two hours of the conclusion of the call and will remain available through Thursday, June 9, 2005.

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 and other markets. Universal Display is working with a network of

world-class organizations including Princeton University, the University of Southern California, AIXTRON AG, AU Optronics Corporation, DuPont Displays, Inc., PPG Industries, Inc., Samsung SDI Co., Seiko Epson Corporation, Sony Corporation, Tohoku Pioneer Corporation, and Toyota Industries Corporation. Universal Display currently has rights in more than 625 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 development, technology transfer to manufacturing partners and work with customers to develop products to meet their needs for flat panel displays. 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 'Factors that May Affect Future Results and Financial Condition' in Universal Display Corporation's annual report on Form 10-K for the year ended December 31, 2004. Universal Display Corporation expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained in this document.

UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended March 31,	
	2005	2004
REVENUE:		
Contract research	$ 699,056	$ 412,232
Development chemical	413,362	796,358
Commercial chemical	31,395	66,420
Royalty and license fees	73,255	154,980
Technology development fees	250,000	700,000
Total revenue	1,467,068	2,129,990
OPERATING EXPENSES:		
Cost of chemicals sold	26,867	57,561
Research and development	4,605,325	4,323,715
General and administrative	1,894,863	1,849,407
Royalty expense	150,000	91,579
Total operating expenses	6,677,055	6,322,262

Operating loss	(5,209,987)	(4,192,272)
INTEREST INCOME	262,163	130,946
INTEREST EXPENSE	(43,077)	(98)
NET LOSS	(4,990,901)	(4,061,424)
DEEMED DIVIDEND	--	(46,176)
NET LOSS ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ (4,990,901)	$ (4,107,600)
BASIC AND DILUTED NET LOSS PER COMMON SHARE	$ (0.18)	$ (0.17)
WEIGHTED AVERAGE SHARES USED IN COMPUTING BASIC AND DILUTED NET LOSS PER COMMON SHARE	28,029,297	24,688,264

UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

	March 31, 2005 (unaudited)	December 31, 2004
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 20,163,499	$ 18,930,581
Short-term investments	21,674,048	26,258,463
Accounts receivable	1,145,528	2,588,279
Inventory	39,691	19,941
Other current assets	316,979	237,927
Total current assets	43,339,745	48,035,191
PROPERTY AND EQUIPMENT, net	10,763,946	9,551,532
ACQUIRED TECHNOLOGY, net	9,285,863	9,709,631
INVESTMENTS	2,981,773	2,290,451
RESTRICTED CASH	4,100,000	4,200,000
OTHER ASSETS	105,358	105,358
	$ 70,576,685	$ 73,892,163

LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt	$ 300,000	$ 300,000
Accounts payable	762,940	723,512
Accrued expenses	2,930,076	3,697,432
Deferred license fees	2,266,667	1,766,667
Deferred revenue	1,116,667	916,667
Total current liabilities	7,376,350	7,404,278
DEFERRED LICENSE FEES	3,100,000	3,100,000
LONG-TERM DEBT, less current portion	4,100,000	4,200,000
	14,576,350	14,704,278
COMMITMENTS AND CONTINGENCIES (Note 8)		
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, 28,107,447 and 27,903,385 shares issued and outstanding	281,074	279,034
Additional paid-in-capital	175,168,725	173,372,344
Deferred compensation	--	(17,446)
Accumulated other comprehensive loss	(92,353)	(79,837)
Accumulated deficit	(119,359,111)	(114,368,210)
Total shareholders' equity	56,000,335	59,187,885
	$ 70,576,685	$ 73,892,163

UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31,	
	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (4,990,901)	$ (4,061,424)
Non-cash charges to statement of operations:		

Depreciation	331,456	328,607
Amortization of intangibles	423,768	423,768
Amortization of premium and discount on investments	(49,186)	67,913
Common stock, options and warrants in connection with Development Agreement	881,724	919,930
Common stock to Board of Directors and Scientific Advisory Board	526,551	643,720
Issuance of common stock to employees	379,248	83,558
Issuance of common stock options and warrants for services	(6,713)	1,079
(Increase) decrease in assets:		
Accounts receivable	1,442,751	(303,081)
Inventory	(19,750)	5,717
Other current assets	(79,052)	(25,405)
Other assets	--	13,000
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(712,871)	396,760
Deferred license fees	500,000	--
Deferred revenue	200,000	(400,000)
Net cash used in operating activities	(1,172,975)	(1,905,858)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(1,543,870)	(40,329)
Purchases of investments	(3,962,237)	(2,799,128)
Proceeds from sale of investments	7,892,000	3,637,163
Net cash provided by investing activities	2,385,893	797,706
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from issuance of common stock	--	28,036,218
Payment of loan	(100,000)	--
Restricted cash	100,000	--
Proceeds from the exercise of common stock options and warrants	20,000	2,551,942
Principal payments on capital lease	--	(1,256)
Net cash provided by financing activities	20,000	30,586,904
INCREASE IN CASH AND CASH EQUIVALENTS	1,232,918	29,478,752
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	18,930,581	14,070,207
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 20,163,499	$ 43,548,959
Cash paid for interest	$ 41,881	$ --

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