UNIVERSAL DISPLAY CORPORATION

5/10/2006

Universal Display Corporation Announces First Quarter 2006 Financial Results

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, 2006.

Revenues in the first quarter of 2006 totaled $3,271,406, compared to $1,467,068 for the comparable quarter in 2005. Revenues consisted of $536,061 in government contract research revenue, $675,906 from development chemical revenue, $398,479 from commercial chemical revenue, $930,846 of royalty and license fees, and $730,114 in technology development revenue.

“This quarter was another step forward for Universal Display, as we saw increases in revenues, a narrowing of the net loss, and increasing demand and interest for our PHOLED(TM) phosphorescent OLED technology”

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The year-over-year increase in revenues is attributable to the recent signing of a material supply agreement with a major display manufacturer. This primarily affected royalty and license fee revenue and commercial chemical revenue during the quarter.

For the first quarter 2006, Universal Display reported a net loss of $3.5 million, or $0.12 per diluted share, compared to a net loss of $5.0 million, or $0.18 per diluted share for the first quarter of 2005. During the first quarter of 2006, cash used in operating activities was $3.3 million, compared to $1.2 million for the first quarter of 2005.

The rise in cash used in operating activities was mainly due to a reduction in accounts payable and accrued expenses, principally for the expansion and completion of the state-of-the-art research and development facility and headquarters in Ewing, NJ, an increase in accounts and contract receivables, and a reduction in deferred revenue which represents cash received in a prior period and recorded as revenue in this quarter.

"This quarter was another step forward for Universal Display, as we saw increases in revenues, a narrowing of the net loss, and increasing demand and interest for our PHOLED(TM) phosphorescent OLED technology," said Sidney D. Rosenblatt, Chief Financial Officer of Universal Display Corporation. "While we are pleased with the revenue progress this quarter, it is still difficult to predict financial results on a quarter-to-quarter basis due to the emerging nature of the OLED industry."

Universal Display will host a conference call today, Wednesday, May 10th at 5:00 PM Eastern Time, followed by a question and answer session. Interested parties may participate by calling 973-582-2839 at 4:55 p.m. Eastern Time and referencing conference PIN 7353129. A taped replay of the conference call will be available within two hours of the conclusion of the call and will remain available through Wednesday, May 24, 2006. The number to call for the taped replay is 973-341-3080 and the conference PIN is 7353129.

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. 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 is a world leader in developing and commercializing innovative OLED technologies and materials for use in the electronic flat panel display, lighting 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 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. The Company has also licensed its OVPD technology to AIXTRON AG for the development of next-generation OLED manufacturing equipment. Universal Display currently owns or has exclusive or sole license rights in approximately 725 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 expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained in this document.

(tables follow)

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

	Three Months Ended March 31,	
	2006	2005
REVENUE:		
Contract research	$ 536,061	$ 699,056
Development chemical	675,906	413,362
Commercial chemical	398,479	31,395
Royalty and license fees	930,846	73,255
Technology development fees	730,114	250,000
Total revenue	3,271,406	1,467,068

OPERATING EXPENSES:		
Cost of chemicals sold	78,441	26,867
Research and development	5,001,072	4,605,325
General and administrative	1,997,692	1,894,863
Royalty and license expense	186,525	150,000
Total operating expenses	7,263,730	6,677,055
Operating loss	(3,992,324)	(5,209,987)
INTEREST INCOME	474,390	262,163
INTEREST EXPENSE	(4,106)	(43,077)
NET LOSS	$ (3,522,040)	$ (4,990,901)
BASIC AND DILUTED NET LOSS PER COMMON SHARE	$ (0.12)	$ (0.18)
WEIGHTED AVERAGE SHARES USED IN COMPUTING BASIC AND DILUTED NET LOSS PER COMMON SHARE	30,030,376	28,029,297

UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
(unaudited)

ASSETS	March 31, 2006	December 31, 2005
CURRENT ASSETS:		
Cash and cash equivalents	$ 28,057,278	$ 30,654,249
Short-term investments	19,646,005	17,190,242
Accounts receivable	2,276,110	1,944,099
Inventory	39,726	36,431
Other current assets	491,537	497,746
Total current assets	50,510,656	50,322,767
PROPERTY AND EQUIPMENT, net	13,531,369	13,553,611
ACQUIRED TECHNOLOGY, net	7,590,792	8,014,559
INVESTMENTS	1,571,021	1,828,708

OTHER ASSETS	107,272	99,772
TOTAL ASSETS	$ 73,311,110	$ 73,819,417
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 622,991	$ 1,249,576
Accrued expenses	4,087,543	5,168,223
Deferred license fees	3,978,268	3,478,267
Deferred revenue	1,423,674	2,078,788
Total current liabilities	10,112,476	11,974,854
DEFERRED LICENSE FEES	3,350,200	3,478,100
DEFERRED REVENUE	750,000	750,000
Total liabilities	14,212,676	16,202,954
COMMITMENTS AND CONTINGENCIES		
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, 30,681,772 and 29,545,471 shares issued and outstanding	306,818	295,455
Additional paid-in-capital	192,586,363	187,609,407
Accumulated other comprehensive loss	(104,885)	(120,577)
Accumulated deficit	(133,691,862)	(130,169,822)
Total shareholders' equity	59,098,434	57,616,463
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 73,311,110	$ 73,819,417

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

	Three months ended March 31,

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (3,522,040)	$ (4,990,901)
Non-cash charges to statement of operations:		
Depreciation	451,943	331,456
Amortization of intangibles	423,767	423,768
Amortization of premium and discount on investments	(27,007)	(49,186)
Common stock, options and warrants in connection with Development Agreement	1,171,358	881,724
Common stock and options to employees	123,691	379,248
Common stock and options to Board of Directors and Scientific Advisory Board	--	526,551
Common stock options and warrants for services	38,076	(6,713)
(Increase) decrease in assets:		
Accounts receivable	(332,011)	1,442,751
Inventory	(3,295)	(19,750)
Other current assets	6,209	(79,052)
Other assets	(7,500)	--
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(1,356,176)	(712,871)
Deferred license fees	372,101	500,000
Deferred revenue	(655,114)	200,000
Net cash used in operating activities	(3,315,998)	(1,172,975)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(429,701)	(1,543,870)
Purchases of investments	(5,756,377)	(3,962,237)
Proceeds from sale of investments	3,601,000	7,892,000
Net cash (used in) provided by investing activities	(2,585,078)	2,385,893
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of loan	--	(100,000)
Restricted cash	--	100,000
Proceeds from the exercise of common stock options and warrants	3,304,105	20,000
Net cash provided by financing activities	3,304,105	20,000

(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,596,971)	1,232,918
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	30,654,249	18,930,581
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 28,057,278	$ 20,163,499
Cash paid for interest	$ --	$ 41,881

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