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Universal Display Corporation Announces First Quarter 2008 Financial Results

EWING, N.J.--([BUSINESS WIRE](#))--Universal Display Corporation (NASDAQ:PANL), a major force behind today's evolving displays and lighting with its Universal PHOLED™ phosphorescent OLED technology, today announced its results for the quarter ended March 31, 2008.

“However, total revenues for the quarter decreased due to lower developmental revenue, but this is to be expected as AMOLED manufacturer's transition from development to commercial activities.”

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For the first quarter of 2008, the Company reported a net loss of \$4,193,385, or \$(0.12) per diluted share, versus a net loss of \$4,583,801, or \$(0.15) per diluted share, for the first quarter of 2007.

Revenues for the first quarter of 2008 were \$2,716,819, compared to \$3,014,630 for the first quarter of 2007. Commercial revenue, which includes commercial chemical revenue, license fees and royalty income, increased to \$1,555,065 for the first quarter of 2008, from \$1,440,900 for the first quarter of 2007. Developmental revenue, which includes contract research revenue, technology development revenue and development chemical sales, decreased for the first quarter of 2008 to \$1,161,754, compared to \$1,573,730 for the first quarter of 2007. Universal Display believes these revenue categories, which now combine accounts previously reported separately, better reflect the Company's business strategies and activities.

“Our licensee, Samsung SDI, has achieved volume production of AMOLED displays and reports that it will increase output in 2008 and again in 2009. This should drive a further increase in our commercial revenue,” said Sidney D. Rosenblatt, Executive Vice President and Chief Financial Officer of Universal Display. “However, total revenues for the quarter decreased due to lower developmental revenue, but this is to be expected as AMOLED manufacturer's transition from development to commercial activities.”

Mr. Rosenblatt, continued, “We expect our financial results to be impacted positively as an increasing number of AMOLED displays are sold and integrated into the marketplace through customers such as Chi Mei EL, LG Display and Samsung SDI. As the year progresses, we will look to maintain our operating expenses at current levels, while continuing to generate new innovations and commercial opportunities for our OLED technologies and materials, including in the areas of white OLED lighting and flexible OLED displays. In all, we believe that Universal Display is well positioned to benefit from the accelerated growth being forecast for the OLED market.”

Although total revenue declined, the Company's net loss decreased during the first quarter of 2008 to \$4,193,385, compared to \$4,583,801 for the same quarter in 2007. Operating expenses for the first quarter of 2008 were \$7,823,731, compared to \$8,183,390 for the same period of 2007. Net cash used in operating activities for the first quarter of 2008 was \$3,372,401, compared to \$3,294,814 for the same quarter of 2007.

The Company's balance sheet was strong at quarter end, with cash, cash equivalents and investments totalling \$82,165,411 as of March 31, 2008, compared to \$83,659,657 as of December 31, 2007.

In conjunction with this release, Universal Display will host a conference call, followed by a question and answer session, today, Thursday, May 8th, at 5:00 p.m. Eastern Time. Interested parties may participate by calling 706-634-1395 at 4:55

p.m. Eastern Time and referencing conference PIN 46116468. A taped replay of the conference call will be available within two hours of the conclusion of the call and will remain available through Sunday, June 8, 2008. The number to call for the taped replay is 800-642-1687 and the conference PIN is 46116468.

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://tinyurl.com/47vem2>. 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 flat panel displays, solid-state lighting products, electronic communications and other opto-electronic devices. 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, Inc. Universal Display has also established numerous commercial relationships with companies such as Chi Mei EL Corporation, DuPont Displays, Inc., Konica Minolta Technology Center, Inc., LG Display Co., Ltd., Samsung SDI Co., Seiko Epson Corporation, Sony Corporation, Tohoku Pioneer Corporation and Toyota Industries Corporation. Universal Display currently owns or has exclusive, co-exclusive or sole license rights with respect to more than 825 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 OLED products that meet their needs. 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, 2007. Universal Display Corporation disclaims any obligation to update any forward-looking statement contained in this document.

UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS

Three Months Ended March

	31, 2008	2007
REVENUE		
Commercial revenue	\$ 1,555,065	\$ 1,440,900
Developmental revenue	1,161,754	1,573,730
Total revenue	2,716,819	3,014,630
OPERATING EXPENSES:		
Cost of chemicals sold	195,476	281,549
Research and development	5,151,524	5,453,329
General and administrative	2,373,546	2,353,514
Royalty and license expense	103,185	94,998
Total operating expenses	7,823,731	8,183,390
Operating loss	(5,106,912)	(5,168,760)
INTEREST INCOME	919,194	584,959
INTEREST EXPENSE	(5,667)	-
NET LOSS	\$(4,193,385)	\$(4,583,801)
BASIC AND DILUTED NET LOSS PER COMMON SHARE	\$(0.12)	\$(0.15)
WEIGHTED AVERAGE SHARES USED IN COMPUTING BASIC AND DILUTED NET LOSS PER COMMON SHARE	35,770,641	31,523,070

UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

	March 31, 2008	December 31, 2007
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$12,702,080	\$33,870,696
Short-term investments	69,463,331	49,788,961
Accounts receivable	2,314,768	2,395,416
Inventory	41,165	41,165
Other current assets	583,406	673,931
Total current assets	85,104,750	86,770,169
PROPERTY AND EQUIPMENT, net	13,299,355	13,525,714
ACQUIRED TECHNOLOGY, net	4,200,648	4,624,416
OTHER ASSETS	77,272	79,772
Total assets	\$102,682,025	\$105,000,071
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$1,029,672	\$861,428
Accrued expenses	3,088,965	4,578,147
Deferred license fees	7,177,457	7,178,268
Deferred revenue	150,000	172,688
Total current liabilities	11,446,094	12,790,531
DEFERRED LICENSE FEES	2,327,000	2,454,900
DEFERRED REVENUE	450,000	538,683
Total liabilities	14,223,094	15,784,114
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY:		
Preferred Stock, par value \$.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 \$.01 per share, 50,000,000 shares authorized, 35,847,455 and 35,563,201 shares issued and outstanding at December 31, 2007 and 2006, respectively	358,475	355,632
Additional paid-in capital	253,590,921	250,240,994
Unrealized loss on available for sale securities	33,387	(50,202)
Accumulated deficit	(165,525,852)	(161,332,467)
Total shareholders' equity	88,458,931	89,215,957
Total liabilities and shareholders' equity	\$102,682,025	\$105,000,071

UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Quarter Ended March 31,	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	\$ (4,193,385	) \$ (4,583,801
Non-cash charges to statement of operations:		
Depreciation	445,937	466,139
Amortization of intangibles	423,768	423,768
Amortization of premium and discount on investments	(438,296	) (45,650
Stock-based employee compensation	352,512	278,611
Stock-based non-employee compensation	4,119	-
Non-cash expense under a Development Agreement	241,901	37,072
Stock-based compensation to Board of Directors and Scientific Advisory Board	116,628	109,533
(Increase) decrease in assets:		
Accounts receivable	80,648	342,412
Inventory	-	5,333
Other current assets	90,525	(33,409
Other assets	2,500	(7,500
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(259,176	) (909,422
Deferred license fees	(128,711	) (127,900
Deferred revenue	(111,371	) 750,000
Net cash used in operating activities	(3,372,401	) (3,294,814
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(219,578	) (175,865
Purchases of investments	(30,074,485	) (8,601,461
Proceeds from sale of investments	10,922,000	4,345,000
Net cash used in investing activities	(19,372,063	) (4,432,326
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from exercise of common stock option and warrants	1,575,848	1,153,785
Net cash provided by financing activities	1,575,848	1,153,785
DECREASE IN CASH AND CASH EQUIVALENTS	(21,168,616	) (6,573,355
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	33,870,696	31,097,533
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 12,702,080	\$ 24,524,178

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