UNIVERSAL DISPLAY CORPORATION

3/13/2008

Universal Display Corporation Announces Fourth Quarter and Full Year 2007 Financial Results

EWING, N.J.--(BUSINESS WIRE)--Universal Display Corporation (NASDAQ:PANL), a major force behind today's evolving displays and lighting with its PHOLED™ phosphorescent OLED technology, today announced its results for the quarter and year ended December 31, 2007.

"2007 marked a milestone year for Universal Display on a number of fronts"

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For the fourth quarter of 2007, the Company reported a net loss of $3,256,104 or $(0.09) per diluted share, versus a net loss of $4,408,826 or $(0.14) per diluted share for the fourth quarter of 2006. The Company's net loss for the year ended December 31, 2007 was $15,975,841 or ($0.47) per diluted share, compared to a net loss of $15,186,804, or ($0.49) per diluted share for the year ended December 31, 2006.

Revenues for the three months and year ended December 31, 2007 were $2,898,826 and $11,305,907, respectively, compared to $2,544,282 and $11,921,292 for the same periods in 2006. Revenue components for the fourth quarter and year 2007 are described in greater detail below.

Commercial chemical revenues were $871,996 and $3,599,677, respectively, for the three months and year ended December 31, 2007, compared to $940,000 and $1,876,071 for the same periods in 2006. Commercial chemical revenue for the year ended December 31, 2007 was positively impacted by material shipments almost entirely to Samsung SDI. Comparatively, material shipments to AU Optronics comprised the bulk of commercial chemical revenue for the same periods of 2006.

Royalty and license revenues were $354,025 and $828,371 for three months and year ended December 31, 2007, respectively, compared to $127,900 and $2,400,179 for the same periods in 2006. The decrease in royalty and license revenue for the year was attributable to a suspension of OLED display production by a major customer, AU Optronics Corporation, as well as structural differences in the Company's licensing arrangements with AU Optronics and Samsung SDI Co., Ltd. Under the arrangement with AU Optronics, license revenues were earned when the Company sold materials to AU Optronics, while under the arrangement with Samsung SDI, corresponding royalty revenues are not earned until products incorporating the Company's materials are sold by Samsung SDI and reported to the Company.

Technology development revenues were $477,312 and $1,227,312 for the three months and year ended December 31, 2007, respectively, compared to $228,030 and $2,166,288 for the same periods in 2006.

Development chemical revenues were $243,876 and $1,049,854 for the three months and year ended December 31, 2007, respectively, compared to $192,148 and $1,656,851 for the same periods in 2006. The decrease in development chemical revenue for the year 2007 from 2006 was primarily attributable to the transition of Samsung SDI from development to commercial chemical sales in 2007.

Contract research revenues were $951,617 and $4,600,693 for the three months and year ended December 31, 2007, respectively, compared to $1,056,204 and $3,821,903 for the same periods in 2006. These revenues varied from quarter to quarter based on timing of the Company's government contracts, and the services provided under those agreements.

“2007 marked a milestone year for Universal Display on a number of fronts,” said Sidney D. Rosenblatt, Chief Financial Officer of Universal Display. “Our licensee, Samsung SDI, began production and shipment of active-matrix OLED displays that utilize our phosphorescent OLED technology and materials. Recipients of these shipments included a number of major handset manufacturers, and we were encouraged to see that Samsung SDI had ramped volume production by the fourth quarter of 2007. We also continue to see a number of advances in our OLED technologies, with increased performance in our red, green and blue PHOLED material systems. In addition, we continued our work with industry leaders as well as the U.S. Department of Defense and U.S. Department of Energy, to accelerate growth of the OLED industry and to advance next generation OLED technologies like white OLED lighting and flexible OLED displays.”

Mr. Rosenblatt concluded, “While revenues for 2007 were impacted by slower than expected introduction of active-matrix OLED displays during the year, we are encouraged by the progress in the second half of the year. Today, our customers, including Samsung SDI and Chi Mei EL Corporation, are producing and shipping commercial products to their customers, and we expect this to increase during 2008.”

Operating expenses totalled $8,030,670 and $31,677,765 for the three months and year ended December 31, 2007, respectively, compared to $8,082,330 and $29,811,409 for the same periods in 2006. The increase in operating expenses year over year reflects increased research and development staffing, materials development performed in conjunction with PPG Industries, Inc., and operating expenses resulting from the expansion of the Company’s facility in Ewing, New Jersey.

Net cash used in operating activities was $11,096,764 for the year ended December 31, 2007, compared to $4,703,792 for the year ended December 31, 2006. The increase was mainly attributable to a decrease in the receipt of deferred license fees, decreased non-cash expenses in conjunction with work performed by PPG Industries, Inc., decreased revenues and increased operating expenses. The increased in use of cash used in operating activities was offset by proceeds from the sale of common stock, and warrant and option exercises during 2007.

The Company’s balance sheet was strong, with cash, cash equivalents and investments of $83,659,657 as of December 31, 2007, compared to $49,098,055 as of December 31, 2006.

In conjunction with this release, Universal Display will host a conference call, followed by a question and answer session, on Thursday, March 13th, 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 37010770. 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, April 13, 2008. The number to call for the taped replay is 800-642-1687 and the conference PIN is 37010770.

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 “Upcoming Events” section of the company’s website at http://www.universaldisplay.com/default.asp?contentID=582. 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.Philips LCD 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 BALANCE SHEETS

	December 31, 2007	December 31, 2006
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$33,870,696	$31,097,533
Short-term investments	49,788,961	17,957,752
Accounts receivable	2,395,416	2,113,263
Inventory	41,165	30,598
Other current assets	673,931	606,267
Total current assets	86,770,169	51,805,413
PROPERTY AND EQUIPMENT, net	13,525,714	14,074,093
ACQUIRED TECHNOLOGY, net	4,624,416	6,319,488
INVESTMENTS	-	42,770
OTHER ASSETS	79,772	89,772
Total assets	$105,000,071	$72,331,536
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$861,428	$1,808,869
Accrued expenses	4,578,147	5,245,536
Deferred license fees	7,178,268	7,178,268
Deferred revenue	172,688	150,000
Total current liabilities	12,790,531	14,382,673
DEFERRED LICENSE FEES	2,454,900	2,966,500
DEFERRED REVENUE	538,683	600,000
Total liabilities	15,784,114	17,949,173
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, 35,563,201 and 31,385,408 shares issued and outstanding at December 31, 2007 and 2006, respectively	355,632	313,854
Additional paid-in capital	250,240,994	199,505,981
Unrealized loss on available for sale securities	(50,202)	(82,846)
Accumulated deficit	(161,332,467)	(145,356,626)
Total shareholders' equity	89,215,957	54,382,363
Total liabilities and shareholders' equity	$105,000,071	$72,331,536

UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS

	Quarter Ended December 31, 2007	2006
REVENUE		
Contract research revenue	$951,617	$1,056,204
Development chemical revenue	243,876	192,148
Commercial chemical revenue	871,996	940,000
Royalty and license revenue	354,025	127,900
Technology development revenue	477,312	228,030
Total revenue	2,898,826	2,544,282
OPERATING EXPENSES:		
Cost of chemicals sold	165,626	214,304
Research and development	5,343,810	4,998,630
General and administrative	2,438,113	2,704,314
Royalty and license expense	83,121	165,082
Total operating expenses	8,030,670	8,082,330
Operating loss	(5,131,844)	(5,538,048)
INTEREST INCOME	1,075,762	584,655
INTEREST EXPENSE	(5,002)	-
LOSS BEFORE INCOME TAX BENEFIT	(4,061,084)	(4,953,393)
INCOME TAX BENEFIT	804,980	544,567
NET LOSS	$(3,256,104)	$(4,408,826)
BASIC AND DILUTED NET LOSS PER COMMON SHARE	$(0.09)	$(0.14)
WEIGHTED AVERAGE SHARES USED IN COMPUTING BASIC AND DILUTED NET LOSS PER COMMON SHARE	35,329,365	31,180,059

UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31, 2007	2006
REVENUE		
Contract research revenue	$4,600,693	$3,821,903
Development chemical revenue	1,049,854	1,656,851
Commercial chemical revenue	3,599,677	1,876,071
Royalty and license revenue	828,371	2,400,179
Technology development revenue	1,227,312	2,166,288
Total revenue	11,305,907	11,921,292
OPERATING EXPENSES:		
Cost of chemicals sold	893,276	659,507
Research and development	20,909,262	19,562,004
General and administrative	9,569,381	8,902,462
Royalty and license expense	305,846	687,436
Total operating expenses	31,677,765	29,811,409
Operating loss	(20,371,858)	(17,890,117)
INTEREST INCOME	3,599,229	2,168,933
INTEREST EXPENSE	(8,192)	(10,187)
LOSS BEFORE INCOME TAX BENEFIT	(16,780,821)	(15,731,371)
INCOME TAX BENEFIT	804,980	544,567
NET LOSS	$(15,975,841)	$(15,186,804)
BASIC AND DILUTED NET LOSS PER COMMON SHARE	$(0.47)	$(0.49)
WEIGHTED AVERAGE SHARES USED IN COMPUTING BASIC AND DILUTED NET LOSS PER COMMON SHARE	33,759,581	30,855,297

UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	$ (15,975,841)	$ (15,186,804)
Non-cash charges to statement of operations:		
Depreciation	1,774,236	1,828,551
Amortization of intangibles	1,695,072	1,695,072
Amortization of premium and discount on investments	(311,613)	(158,182)
Stock-based employee compensation	2,733,909	2,442,149
Stock-based non-employee compensation	23,336	105,011
Non-cash expense under a Development Agreement	926,583	2,968,074
Stock-based compensation to Board of Directors and Scientific Advisory Board	754,711	509,600
(Increase) decrease in assets:		
Accounts receivable	(282,153)	(169,164)
Inventory	(10,567)	5,833
Other current assets	(67,664)	(108,521)
Other assets	10,000	10,000
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(1,816,544)	244,976
Deferred license fees	(511,600)	3,188,401
Deferred revenue	(38,629)	(2,078,788)
Net cash used in operating activities	(11,096,764)	(4,703,792)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(1,225,857)	(2,349,033)
Purchases of investments	(61,336,182)	(24,374,659)
Proceeds from sale of investments	29,892,000	25,589,000
Net cash used in investing activities	(32,670,039)	(1,134,692)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceed from issuance of common stock	38,000,023	-
Proceeds from exercise of common stock option and warrants	8,539,943	6,281,768
Net cash provided by financing activities	46,539,966	6,281,768
INCREASE IN CASH AND CASH EQUIVALENTS	2,773,163	443,284
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	31,097,533	30,654,249
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 33,870,696	$ 31,097,533

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