

3/15/2007

## Universal Display Corporation Announces Fourth Quarter and Year-End 2006 Results

EWING, N.J.--([BUSINESS WIRE](#))--Universal Display Corporation (NASDAQ:PANL), a key innovator behind tomorrow's displays and lighting through its phosphorescent OLED technology, today announced its results for the fourth quarter and the year-end 2006.

"We're pleased with the rise in revenue year-over-year, as our sales mix continued to transition to royalty and licensing and chemical sales associated with the commercialization of our phosphorescent OLED technology"

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For the year ended December 31, 2006, Universal Display had revenue of \$11,921,292, compared to \$10,147,995 for the year 2005, a 17% increase year-over-year. Revenue growth was driven by increases in commercial chemical sales and license fee revenues. The Company's revenue mix continues to shift as its PHOLED technology transitions to commercial applications. Revenue components for 2006, when compared to 2005 were: commercial chemical sales revenue of \$1,876,071, compared to \$31,395; royalty and license fee revenue of \$2,400,179, compared to \$233,555; technology development revenue of \$2,166,288, compared to \$1,725,379; development chemical sales revenue of \$1,656,851, compared to \$3,503,685; and contract research revenue of \$3,821,903, compared to \$4,653,981.

For 2006, the Company reported a net loss attributable to common shareholders of \$15,186,804 or \$(0.49) per diluted share, versus a net loss of \$15,801,612 or \$(0.56) per diluted share for 2005.

Net cash used in operating activities was \$4,703,792 for the year ended December 31, 2006, compared to \$345,059 for the year ended December 31, 2005. The increase in cash used in operating activities was primarily due to increased recognition in 2006 of previously deferred revenue, for which the Company received the cash in prior years, and to the timing of receipts and payments. The Company had no significant change in cash, cash equivalents, short-term and long-term investments during the year, with \$49,098,055 as of December 31, 2006, compared to \$49,673,199 as of December 31, 2005.

For the three months ended December 31, 2006, Universal Display had revenue of \$2,544,282, compared to \$2,296,062 for the fourth quarter of 2005. For the fourth quarter of 2006, the Company reported a net loss attributable to common shareholders of \$4,408,826 or \$(0.14) per diluted share, versus a net loss of \$4,641,591, or \$(0.17) per diluted share for the fourth quarter of 2005. In the fourth quarter 2006, Universal Display was cash flow positive from operations, with net cash provided from operating activities of \$982,219.

"We're pleased with the rise in revenue year-over-year, as our sales mix continued to transition to royalty and licensing and chemical sales associated with the commercialization of our phosphorescent OLED technology," said Sidney D. Rosenblatt, Chief Financial Officer of Universal Display. "For 2007, we expect this trend to continue as our technology gains further commercial adoption. We've already begun to see products in the marketplace that utilize commercial active-matrix OLED displays from one of our major licensees. Our financial position remains strong and we continue to focus on prudent use of our capital as we pursue new licensees for our technology for both display and lighting applications in 2007."

Universal Display will host a conference call, followed by a question and answer session, today at 5:00 p.m. Eastern

Time. Interested parties may participate by calling 973-582-2839 at 4:55 p.m. Eastern Time and referencing conference PIN 8460662. A taped replay of the conference call will be available within two hours of the conclusion of the call and will remain available through Thursday, March 29, 2007. The number to call for the taped replay is 973-341-3080 and the conference PIN is 8460662.

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, 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 more numerous development programs and other similar relationships with companies such as Tohoku Pioneer Corporation; Samsung SDI Co.; DuPont Displays, Inc.; Konica Minolta Technology Center, Inc.; Seiko Epson Corporation; Sony Corporation; Toyota Industries Corporation; Nippon Steel Chemical Company; Mitsubishi Chemical Company and Idemitsu Kosan Co. Ltd. Universal Display currently owns or has exclusive or sole rights in more than 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 OLED products that meet their needs. Visit Universal Display on the Web at [www.universaldisplay.com](http://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, 2006. Universal Display Corporation disclaims any obligation to update any forward-looking statement contained in this document.

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UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARY  
CONDENSED CONSOLIDATED BALANCE SHEETS

	December 31,	
	2006	2005
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$31,097,533	\$30,654,249
Short-term investments	17,957,752	17,190,242
Accounts receivable	2,113,263	1,944,099
Inventory	30,598	36,431
Other current assets	606,267	497,746
Total current assets	51,805,413	50,322,767
PROPERTY AND EQUIPMENT, net	14,074,093	13,553,611
ACQUIRED TECHNOLOGY, net	6,319,488	8,014,559
INVESTMENTS	42,770	1,828,708
OTHER ASSETS	89,772	99,772
	\$72,331,536	\$73,819,417
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	1,808,869	1,249,576
Accrued expenses	5,245,536	5,168,223
Deferred license fees	7,178,268	3,478,267
Deferred revenue	150,000	2,078,788
Total current liabilities	14,382,673	11,974,854
DEFERRED LICENSE FEES	2,966,500	3,478,100
DEFERRED REVENUE	600,000	750,000
Total liabilities	17,949,173	16,202,954
<b>COMMITMENTS</b>		
<b>SHAREHOLDERS' EQUITY:</b>		
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), 300,000 shares of Series B Convertible Preferred Stock authorized and none outstanding, 5,000 shares of Series C-1 Convertible Preferred Stock authorized and none outstanding, 5,000 shares of Series D Convertible Preferred Stock authorized and none outstanding	2,000	2,000
Common Stock, par value \$0.01 per share, 50,000,000 shares authorized, 31,385,408 and 29,545,471 shares issued and outstanding at December 31, 2006 and 2005, respectively	313,854	295,455
Additional paid-in-capital	199,665,232	187,609,407
Deferred compensation	(159,251)	—
Unrealized loss on available for sale securities	(82,846)	(120,577)
Accumulated deficit	(145,356,626)	(130,169,822)
Total shareholders' equity	54,382,363	57,616,463
	\$72,331,536	\$73,819,417

UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARY  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

Year Ended December 31, 2006	Year Ended December 31, 2005
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REVENUE:		
Contract research revenue	\$ 3,821,903	\$ 4,653,981
Development chemical revenue	1,656,851	3,503,685
Commercial chemical revenue	1,876,071	31,395
Royalty and license revenue	2,400,179	233,555
Technology development revenue	2,166,288	1,725,379
Total revenue	11,921,292	10,147,995
OPERATING EXPENSES:		
Cost of chemicals sold	356,567	109,781
Research and development	19,864,944	19,183,390
General and administrative	8,902,462	7,704,931
Royalty and license expense	687,436	610,098
Total operating expenses	29,811,409	27,608,200
Operating loss	(17,890,117)	(17,460,205)
INTEREST INCOME	2,168,933	1,419,858
INTEREST EXPENSE	(10,187)	(185,472)
OTHER REVENUE	—	—
LOSS BEFORE INCOME TAX BENEFIT	(15,731,371)	(16,225,819)
INCOME TAX BENEFIT	544,567	424,207
NET LOSS ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$ (15,186,804)	\$ (15,801,612)
BASIC AND DILUTED NET LOSS PER COMMON SHARE	\$ (0.49)	\$ (0.56)
WEIGHTED AVERAGE SHARES USED IN COMPUTING BASIC AND DILUTED NET LOSS PER COMMON SHARE	30,855,297	28,462,925

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UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARY  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended December 31,	
	2006	2005
REVENUE:		
Contract research revenue	\$ 1,056,204	\$ 884,505
Development chemical revenue	192,148	626,043
Commercial chemical revenue	940,000	—
Royalty and license revenue	127,900	67,900
Technology development revenue	228,030	717,614
Total revenue	2,544,282	2,296,062
OPERATING EXPENSES:		
Cost of chemicals sold	151,556	25,834
Research and development	5,061,378	5,292,286
General and administrative	2,704,314	2,309,677
Royalty and license expense	165,082	147,829
Total operating expenses	8,082,330	7,775,626
Operating loss	(5,538,048)	(5,479,564)
INTEREST INCOME	584,655	454,562
INTEREST EXPENSE	—	(40,796)
LOSS BEFORE INCOME TAX BENEFIT	(4,953,393)	(5,065,798)
INCOME TAX BENEFIT	544,567	424,207
NET LOSS ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$ (4,408,826)	\$ (4,641,591)

BASIC AND DILUTED NET LOSS PER COMMON SHARE	\$ (0.14)	\$ (0.17)
WEIGHTED AVERAGE SHARES USED IN COMPUTING BASIC AND DILUTED NET LOSS PER COMMON SHARE	31,180,059	28,952,333

UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARY  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	December 31, 2006	December 31, 2005
<b>CASH FLOWS USED IN OPERATING ACTIVITIES:</b>		
Net loss	\$ (15,186,804)	\$ (15,801,612)
Non-cash charges to statement of operations:		
Depreciation	1,828,551	1,654,826
Amortization of intangibles	1,695,072	1,695,072
Amortization of premium and discount on investments	(158,182)	(112,747)
Issuance of common stock to employees	2,442,149	17,446
Issuance of common stock options and warrants for services	105,011	(4,225)
Issuance of common stock, options and warrants in connection with the Development Agreement	2,946,158	3,886,150
Issuance of common stock to Board of Directors and Scientific Advisory Board	509,600	726,004
(Increase) decrease in assets:		
Accounts receivable	(169,164)	644,180
Inventory	5,833	(16,490)
Other current assets	(108,521)	(259,819)
Other assets	10,000	5,586
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	266,891	3,218,749
Deferred license fees	3,188,401	2,089,700
Deferred revenue	(2,078,788)	1,912,121
Net cash used in operating activities	(4,703,793)	(345,059)
<b>CASH FLOWS (USED IN) PROVIDED BY INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(2,349,033)	(5,656,905)
Purchases of investments	(24,374,659)	(22,791,027)
Proceeds from sale of investments	25,589,000	32,393,001
Net cash (used in) provided by investing activities	(1,134,692)	3,945,069
<b>CASH FLOWS PROVIDED BY FINANCING ACTIVITIES:</b>		
Net proceeds from issuance of common stock	—	—
Proceeds from loan	—	—
Repayment of loan	—	(4,500,000)
Restricted cash	—	4,200,000
Proceeds from the exercise of common stock options and warrants	6,281,769	8,423,658
Principal payments on capital lease	—	—
Net cash provided by financing activities	6,281,769	8,123,658
INCREASE IN CASH AND CASH EQUIVALENTS	443,284	11,723,668
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	30,654,249	18,930,581
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 31,097,533	\$ 30,654,249
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for interest	\$ —	\$ 181,686

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