UNIVERSAL DISPLAY CORPORATION

8/9/2005

Universal Display Corporation Announces Second Quarter 2005 Financial Results

EWING, N.J. (BUSINESS WIRE) Universal Display Corporation (NASDAQ:PANL), a leading developer of Organic Light Emitting Device (OLED) technologies for flat panel displays, today announced its unaudited results of operations for the second quarter of 2005.

Revenues for the three months ended June 30, 2005 were $3,011,995, compared to $1,472,023 in the second quarter of 2004. The increase in revenues was mainly attributable to increased contract research revenue and development chemical revenue.

“The results for the quarter reflect increased interest in our OLED technology. This interest was reinforced by the signing of an OLED patent license agreement with Samsung SDI paving the way for Samsung SDI to integrate our PHOLED technology into active-matrix displays”

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Universal Display reported a net loss of $3,189,980 (or $0.11 per share) for the quarter ended June 30, 2005, compared to a net loss of $4,520,272 (or $0.17 per share) for the same quarter in 2004. The decrease in the net loss was primarily attributable to increased revenues during the second quarter.

Revenues for the six month period ended June 30, 2005 were $4,479,062, compared to $3,602,013 for the same period in 2004. The Company's net loss was $8,180,882 (or $0.29 per share), compared to a net loss of $8,627,874 (or $0.33 per share) for the same period in 2004.

Net cash used in operating activities was $811,611 for the three months ended June 30, 2005, compared to $1,957,029 for the same period in 2004. Net cash used in operating activities was $1,984,586 for the six months ended June 30, 2005 compared to $3,862,887 for the same period in 2004. The decreases were mainly due to increased revenues, increased deferred license fees, and increased deferred revenue offset to some extent by increased total operating costs.

"The results for the quarter reflect increased interest in our OLED technology. This interest was reinforced by the signing of an OLED patent license agreement with Samsung SDI paving the way for Samsung SDI to integrate our PHOLED technology into active-matrix displays," said Sidney Rosenblatt, Chief Financial Officer of Universal Display Corporation.

Universal Display will host a conference call today, Tuesday, August 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 Tuesday, August 23, 2005. The number to call for the taped replay is 973-341-3080 and the conference PIN is 6296547. An online archive of the web cast will be available within two hours of the conclusion of the call and will remain available through Friday, September 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, 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, and PPG Industries. The Company has also established more than 20 agreements and development programs for glass-based OLED products with companies such as Tohoku Pioneer Corporation, who introduced the Company's PHOLED technology in a cell phone subdisplay; Samsung SDI Co., the world's leading OLED manufacturer, who is expected to soon begin producing active-matrix OLED displays using Universal Display's PHOLED technology; 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 has rights in over 700 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 PHOLED(TM) technology and potential applications of that technology, 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.

- Tables Follow -

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
REVENUE:				
Contract research	$1,514,325	$884,942	$2,213,380	$1,297,174
Development chemical	1,123,852	259,081	1,537,214	1,055,439
Commercial chemical	--	23,400	31,395	89,820
Royalty and license fees	42,000	54,600	115,255	209,580

Technology development fees	331,818	250,000	581,818	950,000
Total revenue	3,011,995	1,472,023	4,479,062	3,602,013
OPERATING EXPENSES:				
Cost of chemicals sold	12,303	59,986	39,170	117,547
Research and development	4,552,047	4,321,227	9,157,372	8,644,943
General and administrative	1,760,402	1,758,785	3,655,265	3,608,192
Royalty expense	150,000	83,421	300,000	175,000
Total operating expenses	6,474,752	6,223,419	13,151,807	12,545,682
Operating loss	(3,462,757)	(4,751,396)	(8,672,745)	(8,943,669)
INTEREST INCOME	320,930	231,184	583,093	362,129
INTEREST EXPENSE	(48,153)	(60)	(91,230)	(158)
NET LOSS	($3,189,980)	($4,520,272)	($8,180,882)	($8,581,698)
DEEMED DIVIDEND	--	--	--	(46,176)
NET LOSS ATTRIBUTABLE TO COMMON SHAREHOLDERS	($3,189,980)	($4,520,272)	($8,180,882)	($8,627,874)
BASIC AND DILUTED NET LOSS PER COMMON SHARE	($0.11)	($0.17)	($0.29)	($0.33)
WEIGHTED AVERAGE SHARES USED IN COMPUTING BASIC AND DILUTED NET				

LOSS PER COMMON SHARE	28,246,338	27,286,654	28,137,649	25,986,863

UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

	June 30, 2005 (unaudited)	December 31, 2004
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 32,806,773	$ 18,930,581
Short-term investments	8,891,446	26,258,463
Accounts receivable	2,175,278	2,588,279
Inventory	39,691	19,941
Other current assets	413,953	237,927
Total current assets	44,327,141	48,035,191
PROPERTY AND EQUIPMENT, net	11,523,883	9,551,532
ACQUIRED TECHNOLOGY, net	8,862,095	9,709,631
INVESTMENTS	2,027,061	2,290,451
RESTRICTED CASH	4,050,000	4,200,000
OTHER ASSETS	109,772	105,358
Total assets	$ 70,899,952	$ 73,892,163
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt	$ 300,000	$ 300,000
Accounts payable	937,687	723,512
Accrued expenses	2,488,511	3,697,432
Deferred license fees	2,168,268	1,766,667
Deferred revenue	662,121	916,667
Total current liabilities	6,556,587	7,404,278
DEFERRED LICENSE FEES	3,906,400	3,100,000
DEFERRED REVENUE	872,727	--
LONG-TERM DEBT, less current portion	4,050,000	4,200,000
	15,385,714	14,704,278
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, 28,436,665 and 27,903,385 shares issued and outstanding	284,367	279,034
Additional paid-in-capital	177,856,974	173,372,344
Deferred compensation	--	(17,446)
Accumulated other comprehensive loss	(80,011)	(79,837)
Accumulated deficit	(122,549,092)	(114,368,210)
Total shareholders' equity	55,514,238	59,187,885
Total liabilities and shareholders' equity	$ 70,899,952	$ 73,892,163

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

	Six Months Ended June 30,	
	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$(8,180,882)	$(8,581,698)
Non-cash charges to statement of operations:		
Depreciation	738,114	658,418
Amortization of intangibles	847,536	847,536
Amortization of premium and discount on investments	(77,446)	52,168
Common stock, options and warrants in connection with Development Agreement	2,729,703	1,929,221
Common stock to employees	750,490	167,116
Issuance of common stock to Board of Directors and Scientific Advisory Board	526,551	643,720
Issuance of common stock options and warrants for services	(6,713)	(3,643)
Increase (decrease) in assets:		
Accounts receivable	413,001	(334,180)
Inventory	(19,750)	12,191
Other current assets	(176,026)	(224,043)
Other assets	(4,414)	6,564
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(1,350,932)	863,743
Deferred license fees	1,208,001	250,000
Deferred revenue	618,181	(150,000)
Net cash used in operating activities	(1,984,586)	(3,862,887)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(2,710,465)	(71,362)

Purchases of investments	(7,099,319)	(31,924,540)
Proceeds from sale of investments	24,807,000	8,613,677
Net cash provided by (used in) investing activities	14,997,216	(23,382,225)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from issuance of common stock	--	28,522,249
Payment of loan	(150,000)	--
Restricted cash	150,000	--
Proceeds from the exercise of common stock options and warrants	863,562	2,919,515
Principal payments on capital lease	--	(2,551)
Net cash provided by financing activities	863,562	31,439,213
INCREASE IN CASH AND CASH EQUIVALENTS	13,876,192	4,194,101
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	18,930,581	14,070,207
CASH AND CASH EQUIVALENTS, END OF PERIOD	$32,806,773	$18,264,308
Cash paid for interest	$ 89,229	$ --

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