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## Universal Display Corporation Announces Second Quarter 2009 Financial Results

EWING, N.J.--([BUSINESS WIRE](#))--Universal Display Corporation (NASDAQ: PANL), a key innovator behind today's and tomorrow's evolving displays and lighting with its UniversalPHOLED™ phosphorescent OLED technology and materials, today announced its results for the second quarter and six months ended June 30, 2009.

“We are pleased with the continued growth in our revenues as the global economic environment begins to show signs of recovery”

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For the second quarter of 2009, the Company reported a net loss of \$6,415,178 or \$(0.18) per diluted share, versus a net loss of \$5,205,790, or \$(0.15) per diluted share, for the second quarter of 2008. The increase in net loss was primarily due to an increase in operating expenses and a decrease in interest income. The operating loss for the second quarter of 2009 was \$6,310,763, compared to an operating loss of \$5,929,945 for the second quarter of 2008. For the six months ended June 30, 2009, net loss totaled \$11,984,777, or \$(0.33) per diluted share, versus a net loss of \$9,399,175, or \$(0.26) per diluted share, for the same period in 2008. The operating loss for the six months ended June 30, 2009 was \$12,304,361, compared to an operating loss of \$11,036,857 for the same period in 2008.

Revenues for the second quarter of 2009 were \$2,956,354, compared to \$2,145,598 for the second quarter of 2008. Commercial revenue, which includes commercial chemical revenue, license and royalty revenues, and commercialization assistance revenue, was \$1,239,056 for the quarter, compared to \$1,395,487 for the second quarter of 2008. Developmental revenue, which includes development chemical revenue, contract research revenue, and technology development revenue, was \$1,717,298 for the quarter, compared to \$750,111 for the second quarter of 2008.

For the six months ended June 30, 2009, the Company reported revenues of \$5,790,212, compared to \$4,862,417 for the same period in 2008. Commercial revenue for the first six months of 2009 totaled \$2,608,193, compared to \$2,950,552 for the same period in 2008. Developmental revenue for the first six months of 2009 totaled \$3,182,019, compared to \$1,911,865 for the same period in 2008.

“We are pleased with the continued growth in our revenues as the global economic environment begins to show signs of recovery,” said Sidney D. Rosenblatt, Executive Vice President and Chief Financial Officer of Universal Display. “Our partners continue to highlight AMOLED displays as an area of growth for their own companies, and we expect their production to increase as financial conditions improve. As this trend continues, we will continue with research and development of new and innovative applications for our OLED technologies and materials, including white lighting and flexible displays, and position ourselves for increased investment and interest as the OLED marketplace expands.”

Operating expenses were \$9,267,117 for the second quarter of 2009, compared to \$8,075,543 for the second quarter of 2008. Operating expenses for the quarter were consistent with expectations.

Cash used in operating activities was \$8,798,154 for the six months ended June 30, 2009, compared to \$5,528,958 for the same period in 2008. The increase in cash used in operating activities was due mainly to an increased loss for the six months ended June 30, 2009, as compared to the same period in 2008.

The Company's balance sheet remained strong at quarter-end, with cash, cash equivalents and short-term investments

totaling \$68,130,048 as of June 30, 2009. This compared to cash, cash equivalents and short-term investments totaling \$77,454,200 as of December 31, 2008.

In conjunction with this release, Universal Display will host a conference call, followed by a question and answer session, on Monday, August 10th, 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 22465669. 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, September 10th, 2009. The number to call for the taped replay is 800-642-1687 and the conference PIN is 22465669.

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 [www.universaldisplay.com](http://www.universaldisplay.com). 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 Mobile Display Co., Ltd., Seiko Epson Corporation, Sony Corporation, Tohoku Pioneer Corporation and Toyota Industries Corporation. Universal Display currently owns or has exclusive or sole license rights with respect to more than 960 issued and pending patents worldwide.

Universal Display is located in the Princeton Crossroads Corporate Center in Ewing, New Jersey. 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).

**Forward-Looking Statements:** 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, 2008, as amended. Universal Display Corporation disclaims any obligation to update any forward-looking statement contained in this document.

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UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
(UNAUDITED)

June 30,      December

	2009	31, 2008
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash and cash equivalents	\$9,881,422	\$28,321,581
Short-term investments	58,248,626	49,132,619
Accounts receivable	1,760,763	2,450,444
Inventory	1,330	2,209
Other current assets	560,464	462,908
Total current assets	70,452,605	80,369,761
PROPERTY AND EQUIPMENT, net	11,949,755	12,859,628
ACQUIRED TECHNOLOGY, net	2,081,808	2,929,344
OTHER ASSETS	236,908	69,772
<b>TOTAL ASSETS</b>	<b>\$84,721,076</b>	<b>\$96,228,505</b>

#### LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:		
Accounts payable	\$1,542,610	\$1,585,015
Accrued expenses	3,889,312	5,296,433
Deferred license fees	6,148,267	6,148,267
Deferred revenue	2,002,450	2,739,790
Total current liabilities	13,582,639	15,769,505
DEFERRED LICENSE FEES	3,066,238	3,407,037
DEFERRED REVENUE	262,500	337,500
STOCK WARRANT LIABILITY	2,808,578	-
Total liabilities	19,719,955	19,514,042
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, 36,441,975 and 36,131,981 shares issued and outstanding at June 30, 2009 and December 31, 2008, respectively	364,420	361,320
Additional paid-in capital	253,117,552	256,696,849
Unrealized gain on available-for-sale securities	105,311	126,497
Accumulated deficit	(188,588,162)	(180,472,203)
Total shareholders' equity	65,001,121	76,714,463
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$84,721,076</b>	<b>\$96,228,505</b>

#### UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARIES

#### CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Three Months Ended June 30,	
	2009	2008
REVENUE:		
Commercial revenue	\$1,239,056	\$1,395,487
Developmental revenue	1,717,298	750,111
Total revenue	2,956,354	2,145,598
OPERATING EXPENSES:		
Cost of chemicals sold	318,191	246,962
Research and development	5,324,695	4,377,329
Selling, general and administrative	2,715,071	2,679,944
Patent costs	823,729	676,024
Royalty and license expense	85,431	95,284
Total operating expenses	9,267,117	8,075,543
Operating loss	(6,310,763)	(5,929,945)
INTEREST INCOME	188,593	737,368
INTEREST EXPENSE	(298)	(13,213)
LOSS ON STOCK WARRANT LIABILITY	(292,710)	-
<b>NET LOSS</b>	<b>\$(6,415,178)</b>	<b>\$(5,205,790)</b>
<b>BASIC AND DILUTED NET LOSS PER COMMON SHARE</b>	<b>\$(0.18)</b>	<b>\$(0.15)</b>
<b>WEIGHTED AVERAGE SHARES USED IN COMPUTING BASIC AND DILUTED NET LOSS PER COMMON SHARE</b>	<b>36,383,255</b>	<b>35,900,554</b>

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

	Six Months Ended June 30,	
	2009	2008
<b>REVENUE:</b>		
Commercial revenue	\$ 2,608,193	\$ 2,950,552
Developmental revenue	3,182,019	1,911,865
Total revenue	5,790,212	4,862,417
<b>OPERATING EXPENSES:</b>		
Cost of chemicals sold	489,178	442,438
Research and development	10,543,757	8,817,467
Selling, general and administrative	5,338,016	5,053,490
Patent costs	1,555,260	1,387,410
Royalty and license expense	168,362	198,469
Total operating expenses	18,094,573	15,899,274
Operating loss	(12,304,361 )	(11,036,857 )
INTEREST INCOME	441,993	1,656,562
INTEREST EXPENSE	(2,941 )	(18,880 )
LOSS ON STOCK WARRANT LIABILITY	(119,468 )	- )
NET LOSS	\$ (11,984,777 )	\$ (9,399,175 )
BASIC AND DILUTED NET LOSS PER COMMON SHARE	\$ (0.33 )	\$ (0.26 )
WEIGHTED AVERAGE SHARES USED IN COMPUTING BASIC AND DILUTED NET LOSS PER COMMON SHARE	36,341,840	35,835,600

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

	Six Months Ended June 30,	
	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (11,984,777 )	\$ (9,399,175 )
Non-cash charges to statement of operations:		
Depreciation	1,036,126	926,330
Amortization of intangibles	847,536	847,536
Amortization of premium and discount on investments, net	(266,946 )	(827,330 )
Stock-based employee compensation	989,611	801,339
Stock-based non-employee compensation	6,518	4,119
Non-cash expense under a development agreement	582,301	558,035
Stock-based compensation to Board of Directors and Scientific Advisory Board	176,511	233,613
Loss on stock warrant liability	119,468	-
(Increase) decrease in assets:		
Accounts receivable	689,681	665,751
Inventory	879	38,956
Other current assets	(97,556 )	(67,326 )
Other assets	(167,136 )	5,000 )
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	422,769	1,201,365
Deferred license fees	(340,799 )	(255,800 )
Deferred revenue	(812,340 )	(261,371 )

Net cash used in operating activities	(8,798,154	)	(5,528,958	)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Purchases of property and equipment	(126,253	)	(481,573	)
Purchases of short-term investments	(52,014,248	)	(50,542,476	)
Proceeds from sale of short-term investments	43,144,000	)	60,824,000	)
Net cash (used in) provided by investing activities	(8,996,501	)	9,799,951	)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Proceeds from the exercise of common stock options and warrants	198,970	)	2,148,183	)
Payment of withholding taxes related to stock-based employee compensation	(844,474	)	(749,770	)
Net cash (used in) provided by financing activities	(645,504	)	1,398,413	)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(18,440,159	)	5,669,406	)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	28,321,581	)	33,870,696	)
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 9,881,422	)	\$ 39,540,102	)

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