UNIVERSAL DISPLAY CORPORATION

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Universal Display Corporation Awarded $1.7 Million U.S. Department of Defense Contract

EWING, N.J. (BUSINESS WIRE)

SBIR Phase III Contract Builds on Prior Defense Dept. Work to Develop Prototype for Futuristic 'Wrist Band' Communications Device for Military and Commercial Uses

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Universal Display Corporation (NASDAQ:PANL), a leading developer of OLED technologies for flat panel displays, lighting, and other opto-electronic applications, today announced it has been awarded a two-year, $1.7 million Small Business Innovation Research (SBIR) Phase III contract by the U.S. Department of Defense to continue its development of flexible OLED display technology for a next-generation military communications device.

In this Phase III contract, Universal Display is to develop and deliver functional prototypes of a "Portable Flexible Communication Display Device." This futuristic communications device will be form-fitted to a soldier's wrist and communicate wirelessly to a nearby computer, thereby enabling soldiers to see crucial video and graphics information in real time.

The device will use a full-color, active-matrix OLED (AMOLED) display built on metal foil. The use of metal foil substrates can lead to a rollable, retractable and rugged display with a small and lightweight form factor for use in portable communication devices. Universal Display's FOLED(R) flexible OLED technology, combined with its TOLED(R) top-emission OLED technology, enables the use of flexible metal foil as a substrate material. With a 4-inch diagonal screen, the 320 x 240 pixel (QVGA format) AMOLED display will also use Universal Display's proprietary high-efficiency PHOLED(TM) phosphorescent OLED technology and materials.

Funded through the U.S. Army's Communication Electronics Research and Development Engineering Center (CERDEC), in Ft. Monmouth, N.J., this SBIR Phase III contract builds on Universal Display's successful work funded through its current Phase II contract and two other ongoing programs with the U.S. Army Research Laboratory and the U.S. Air Force Research Laboratory.

The Federal SBIR Program is designed to stimulate technological innovation in the small business sector and typically consists of three phases. During the first phase, the scientific, technical and commercial merit and feasibility of a novel idea are demonstrated. If successful, a subsequent Phase II Program may be awarded that is typically $500,000 to $750,000 over a 24-month period to pursue further research and the development of a well-defined prototype. In a final Phase III Program, the demonstrated prototype is further developed into commercial prototypes and subsequent products for sale in the military and/or private sector. The Department of Defense's decision to fund Universal Display's Phase III

development of flexible OLED display prototypes is a strong endorsement of the technology's potential for military applications.

"We are extremely pleased to have earned the distinction of receiving a SBIR Phase III award to support our flexible display initiative at Universal Display," said Steven V. Abramson, President and Chief Operating Officer of Universal Display Corporation. "This program builds on the great work our team has performed to date and will focus on delivering next-generation technology for high-efficiency, flexible OLED displays for the Department of Defense and commercial markets."

For more information, please visit Universal Display Corporation's Web site at http://www.universaldisplay.com.

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 and other markets. Universal Display is working with a network of world-class organizations including Princeton University, the University of Southern California, AIXTRON AG, AU Optronics Corporation, DuPont Displays, Inc., PPG Industries, Inc., Samsung SDI Co., Seiko Epson Corporation, Sony Corporation, Tohoku Pioneer Corporation and Toyota Industries Corporation. Universal Display currently has rights in more than 625 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.

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