UNIVERSAL DISPLAY CORPORATION

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Universal Display Corporation Awarded SBIR Phase II Grant from the U.S. Department of Energy for Novel White OLED Lighting Development

PHASE II WILL FOCUS ON ENHANCING WHITE OLED PERFORMANCE THROUGH USE OF PROPRIETARY PHOLED™ PHOSPHORESCENT OLED AND OVPD™ ORGANIC VAPOR PHASE DEPOSITION TECHNOLOGIES

EWING, N.J. (BUSINESS WIRE) Universal Display Corporation (NASDAQ:PANL), the Company that's lighting the way in developing and commercializing OLED technology for flat panel displays, lighting, electronic communications and other opto-electronics with its proprietary PHOLED™ phosphorescent OLED technology, today announced that it has been awarded a Small Business Innovation Research (SBIR) Phase II grant for $750,000 from the U.S. Department of Energy (DOE) to develop power-efficient WOLED™ white OLED technology for future solid-state lighting applications.

"By combining our proprietary PHOLED technology with our novel organic vapor phase deposition technology, we hope to demonstrate meaningful advances toward these requisite performance targets, thereby opening up new opportunities for the commercial use of OLEDs by the lighting industry."

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Through this Phase II program, Universal Display is seeking to demonstrate novel WOLED device designs that offer further enhancements in power efficiency and operating lifetime based on the Company's proprietary PHOLED technology. The DOE has developed a technology roadmap suggesting a feasible path for white OLEDs to achieve power efficiencies of 100 to 150 lumens per Watt (lm/W). Universal Display's PHOLED technology is a critical element for achieving this goal. The Company recently announced a white PHOLED with a power efficiency of more than 30 lm/W and external quantum efficiency (EQE) of 29 % at 850 nits, which the Company believes is the highest EQE reported to date. Through programs such as this one, Universal Display hopes to achieve continued performance gains toward the DOE's roadmap goals.

The new program will also leverage the Company's proprietary OVPD™ organic vapor phase deposition processing technology. OVPD technology offers the potential to optimize organic layer thicknesses, doping concentrations and the interfaces between the layers, and also to provide excellent film uniformity over large areas.

"Based on the successful completion of our DOE Phase I program that began in June 2005, we are eager to continue our work toward demonstrating white OLED performance targets for lighting applications," said Steven V. Abramson, President and Chief Operating Officer of Universal Display. "By combining our proprietary PHOLED technology with our novel organic vapor phase deposition technology, we hope to demonstrate meaningful advances toward these requisite performance targets, thereby opening up new opportunities for the commercial use of OLEDs by the lighting industry."

Universal Display has partnered with AIXTRON AG of Aachen, Germany, a leading manufacturer of precision semiconductor production equipment for inorganic LEDs, to develop and commercialize OVPD equipment. Universal Display has exclusively licensed AIXTRON to make and sell its own OVPD equipment and to sublicense Universal

Display's OVPD process technology for use with that equipment.

To see how Universal Display is changing the face of the display industry, please visit the Company 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, lighting, electronic communications, and other opto-electronic markets. 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. The Company has also established more than 20 development programs and other similar relationships with companies such as Tohoku Pioneer Corporation; Samsung SDI Co.; AU Optronics Corporation; DuPont Displays, Inc.; Seiko Epson Corporation; Sony Corporation; and Toyota Industries Corporation. Universal Display currently owns or has exclusive or sole rights in approximately 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 products to meet their needs for OLED products. 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, 2005. Universal Display Corporation disclaims any obligation to update any forward-looking statement contained in this document.

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