

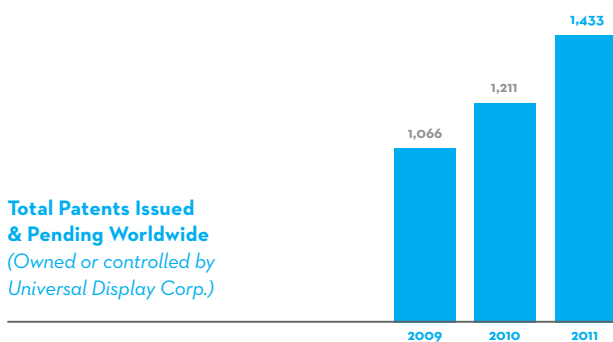
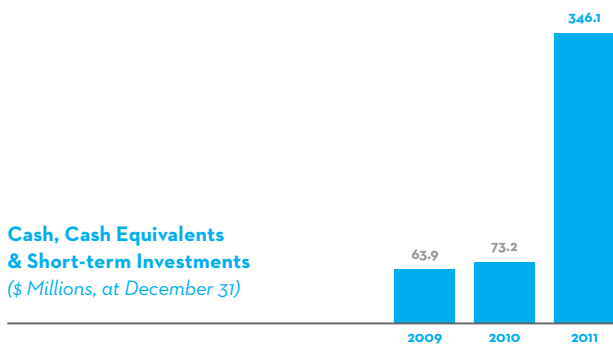
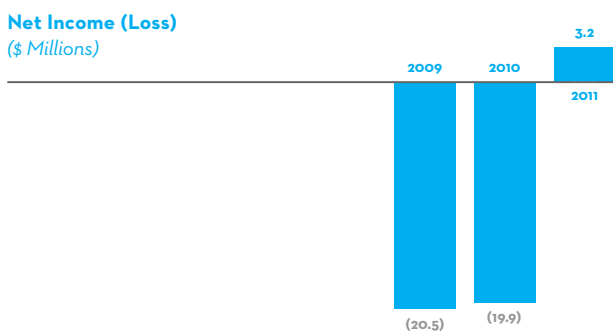
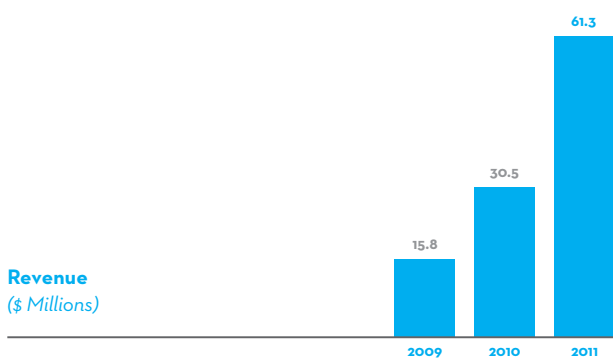
UNIVERSAL

UNIVERSAL DISPLAY CORPORATION
2011 ANNUAL REPORT

2011

As the world leader in the development of energy-efficient OLED technologies and materials, Universal Display Corporation enjoyed significant growth and achievement.

SELECTED FINANCIAL DATA



TO OUR SHAREHOLDERS

2011 proved to be a major milestone year for Universal Display Corporation. After more than a decade transforming a great vision into commercial reality, AMOLED products established a true market presence.

In 2011, our revenues doubled to over \$61 million and we reported our first full-year profit. With net income of \$3.2 million, or \$0.07 per share, this was a \$23 million bottom-line improvement compared to 2010. We ended the year financially strong, with cash, cash equivalents and short-term investments of \$346 million and no debt. In addition to the positive cash flow from operations, the company's liquidity benefitted from \$250 million of capital raised in a secondary offering conducted by a team led by Goldman Sachs.

Our strong year reflects the growing appeal of handheld electronics that feature high-performance AMOLED displays. AMOLEDs offer noticeably beautiful images with vibrant colors, outstanding color contrast, wide viewing angles, and, through the use of Universal Display's phosphorescent technology and materials, energy efficiency. As a result, smartphones equipped with AMOLED displays, such as the Samsung Galaxy Series, gained significantly in market share through record sales in 2011.

Building on an 11-year relationship, we entered into multi-year license and supplemental material purchase agreements with Samsung Mobile Display Co., Ltd. (SMD), the AMOLED industry leader, in 2011. These agreements strengthen our partnership and support SMD's continued use of our proprietary OLED technologies and materials in its portfolio of state-of-the-art OLED products.

Capitalizing on the success of handheld products using AMOLED displays, consumer electronics makers also advanced new products with larger AMOLED screens. Tablet computers with AMOLED displays entered the market late in 2011, and longstanding Universal Display partners Samsung and LG both unveiled breathtaking 55" OLED televisions at the Consumer Electronics Show in January 2012. To accommodate this growing demand for AMOLEDs, SMD, LG Display Co., Ltd. and AU Optronics Corp. each announced plans for manufacturing capacity expansion.

This past year, we also extended our material supply agreement with PPG Industries, Inc. Through this longstanding partnership, Universal Display has become the recognized leader in the supply of state-of-the-art, high-quality phosphorescent OLED materials for the OLED industry.

In the third quarter, we achieved another important milestone. We began shipping our green phosphorescent material system for commercial use. Developed to complement our green UniversalPHOLED® emitter materials, our new commercial host materials are a potential growth opportunity for Universal Display.

During the year, we signed license agreements with Panasonic Idemitsu OLED Lighting Co., Ltd. and Pioneer Corporation for the commercialization of energy-efficient white OLED lighting panels. We signed an agreement for technology licensing, material supply, and technology assistance to further support Moser Baer Technologies' efforts to design and build the world's first white OLED lighting manufacturing facility in the United States.

We demonstrated white OLED panels using our UniversalPHOLED technology and materials that met initial commercial targets and exceeded the 2011 lifetime targets set by the US Department of Energy. We also saw an increasing number of white OLED product prototypes. This includes the Innovation-of-the-Year Award-winning Acuity Brands Lighting OLED lamp using white OLED panels from LG Chem, Ltd. with our UniversalPHOLED technology and materials. This was introduced at the annual Lightfair exhibition in May.

In 2011, we invested \$24 million in research and development to support our technology leadership. In addition, we invested in core growth opportunities for the company. Introduced at the 2011 Society for Information Display (SID) Display Week, our novel, single-layer barrier technology offers a high-performance, cost-effective packaging solution for flexible OLED displays and lighting panels. We advanced our flexible OLED technology portfolio and delivered a wrist-mounted communication device prototype with a full-color, flexible AMOLED display, developed with L-3 Communications—Display Systems and LG Display, with support from the Flexible Display Center (FDC) at Arizona State University, to the US Army.

With these promising advances in our proprietary OLED technologies and materials, our intellectual property portfolio continues to strengthen. Our patent portfolio grew to over 1,400 patents issued and pending worldwide. We believe our extensive portfolio of patents, trade secrets and know-how gives us a competitive advantage in the OLED industry. To support the growing OLED markets and better serve our customers, we also amplified our presence in Asia: We established a new subsidiary in Japan, expanded our offices in Taiwan, and opened a research facility in Hong Kong.

In 2011, we were recognized with a variety of industry awards. For the fourth consecutive year, the US Department of Energy honored our white OLED achievements for solid-state lighting. Deloitte LLP recognized us as one of the fastest-growing technology, media, telecommunications, life sciences, and clean technology companies in its Technology Fast 500 in North America, and the Society for Information Display honored Dr. Julie Brown, our Chief Technology Officer, with a 2011 Fellow Award.

We are very proud of our accomplishments in 2011. Looking to 2012, we anticipate another year of rapid market growth as new manufacturing capacity is installed and exciting, innovative OLED display and lighting products reach the market. For our part, we will continue to invest in our proprietary technologies and materials to offer state-of-the-art performance and innovative solutions to our customers and their products. With sustained leadership in OLED technology and materials supply, we are planning for continued growth of your company and shareholder value.



Sherwin I. Seligsohn
Founder & Chairman of the Board



Steven V. Abramson
President & Chief Executive Officer



Sherwin I. Seligsohn



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Founder & Chairman of the Board

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Acuity Brands

Aixtron

Armstrong World Industries

AU Optronics

Chimei Innolux

DuPont Displays

Flexible Display Center

FlexTech Alliance

Idemitsu Kosan

Konica Minolta

L-3 Communications

LG Chem

LG Display

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Moser Baer Technologies

Motorola

National Taiwan University

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New Jersey Technology Council

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PPG Industries

Princeton University

Samsung SMD

Seiko Epson

SFC

Showa Denko

Sony

Toshiba

Toyota Industries

University of Michigan

University of Southern California

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US Army CERDEC

US Army Research Laboratory

US Department of Energy

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