

UNIVERSAL DISPLAY CORP \PA\  
Form DEF 14A  
April 21, 2016

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 14A  
Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934  
(Amendment No. )

Filed by the Registrant  Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

UNIVERSAL DISPLAY CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which the transaction applies:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

UNIVERSAL DISPLAY CORPORATION  
375 Phillips Boulevard  
Ewing, New Jersey 08618

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NOTICE OF 2016 ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD JUNE 16, 2016

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Dear Shareholders:

You are cordially invited to attend our 2016 Annual Meeting of Shareholders on Thursday, June 16, 2016 at 11:00 a.m., Eastern Time, at the Element By Westin hotel located at 1000 Sam Weinroth Road East, Ewing, New Jersey 08628. We are holding the meeting to:

- (1) Elect nine members of our Board of Directors to hold one-year terms;
- (2) Approve an advisory resolution regarding executive officer compensation;
- (3) Ratify the appointment of KPMG LLP as our independent registered public accounting firm for 2016; and
- (4) Transact such other business as may properly come before the meeting or any postponements or adjournments thereof.

If you were the holder of record of shares of our common stock or Series A Nonconvertible Preferred Stock at the close of business on April 8, 2016, you are entitled to notice of, and may vote at, the annual meeting. You may also vote in advance of the meeting, as described in the proxy statement. Any such shareholder on April 8, 2016 may vote in person at the meeting, even if he or she has already voted before the meeting. A list of all shareholders of record will be made available for review by registered shareholders both at the meeting and, during regular business hours for 10 days prior to the meeting, at our headquarters at 375 Phillips Boulevard, Ewing, New Jersey 08618.

The proxy statement and our 2015 Annual Report to Shareholders are available at [www.udcoled.com](http://www.udcoled.com) in the "For Shareholders" section.

We look forward to seeing you at the meeting.

Sincerely,

/s/ Sidney D. Rosenblatt  
Sidney D. Rosenblatt  
Executive Vice President, Chief Financial Officer,  
Treasurer and Secretary

Ewing, New Jersey  
April 21, 2016

Your vote is important. We encourage you to promptly complete, sign, date and return the proxy card, or vote by phone or on the Internet as described in the proxy statement, whether or not you expect to attend the annual meeting in person. If you are a shareholder of record and you attend the meeting in person, you may revoke your proxy and vote

your shares at that time.

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UNIVERSAL DISPLAY CORPORATION

375 Phillips Boulevard  
Ewing, New Jersey 08618

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PROXY STATEMENT FOR 2016 ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD JUNE 16, 2016

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INFORMATION CONCERNING THIS SOLICITATION

The Board of Directors of Universal Display Corporation ("we", "us" or the "Company") is soliciting proxies for the 2016 Annual Meeting of Shareholders to be held on Thursday, June 16, 2016, at 11:00 a.m., Eastern Time, at the Element By Westin hotel located at 1000 Sam Weinroth Road East, Ewing, New Jersey 08628 (the "Annual Meeting"). This proxy statement contains important information for shareholders to consider when deciding how to vote on the matters brought before the Annual Meeting. Please read it carefully.

At the Annual Meeting, our shareholders will be asked to vote upon:

- (1) the election of nine members of our Board of Directors to hold one-year terms;
- (2) a proposal to approve an advisory resolution regarding executive officer compensation;
- (3) a proposal to ratify the appointment of KPMG LLP as our independent registered public accounting firm for 2016; and

(4) such other business as may properly come before the meeting or any postponements or adjournments thereof.

Important Notice Regarding the Availability of

Proxy Materials for the Annual Meeting of Shareholders to be Held on June 16, 2016

This proxy statement and our 2015 Annual Report to Shareholders are available at [www.udcoled.com](http://www.udcoled.com) in the "For Shareholders" section.

PROXY MATERIALS

Our Board of Directors has set April 8, 2016 as the record date for the Annual Meeting (the "Record Date"). As of the Record Date, we had outstanding 46,889,359 shares of common stock and 200,000 shares of Series A Nonconvertible Preferred Stock.

Beginning on or about April 21, 2016, we are sending proxy materials to "registered holders" as of the Record Date. Registered holders are those shareholders whose shares are registered directly in their names with our transfer agent, American Stock Transfer & Trust Company, LLC.

Beginning on or about April 21, 2016, we are sending a Notice Regarding the Availability of Proxy Materials (the "Notice") to "beneficial owners" of our stock as of the Record Date. Beneficial owners are those shareholders whose shares are held in a stock brokerage account or by a bank or other holder of record; such shareholders are also sometimes referred to as "street name" holders. Beneficial owners may view proxy materials on the Internet, and may also request and receive a paper or e-mail copy of the proxy materials by following the instructions provided in the Notice.

We will pay the expenses of these solicitations. Proxies may also be solicited by telephone or in person by some of our officers, directors and regular employees or independent contractors, who will not be specially engaged or compensated for such services.

Our principal executive offices are located at 375 Phillips Boulevard, Ewing, New Jersey 08618. Our general telephone number is (609) 671-0980.

VOTING AT THE ANNUAL MEETING

Each holder of our common stock or Series A Nonconvertible Preferred Stock as of the Record Date is entitled to one vote per share on all matters to be voted on at the Annual Meeting. Holders of our common stock and Series A Nonconvertible Preferred Stock vote together as a single class on all matters.



Only shareholders of record who own shares (whether as a registered holder or a beneficial owner) as of the close of business on the Record Date are entitled to notice of, or to vote at, the Annual Meeting. The presence, in person or by proxy, of shareholders entitled to cast at least a majority of the votes that all shareholders are entitled to cast on a particular matter to be acted upon at the Annual Meeting will constitute a quorum for purposes of that matter.

Shareholders of record who return a proxy card but abstain from voting or fail to vote on a particular matter will be considered "present" for quorum purposes with respect to the matter. In addition, shares held by brokers or nominees who have notified us on a proxy card or otherwise in accordance with industry practice that they have not received voting instructions with respect to a particular matter and that they lack or have declined to exercise voting authority with respect to such matter (referred to in this proxy statement as "uninstructed shares"), will be considered "present" for quorum purposes with respect to the matter. Votes not cast by brokers or nominees with respect to uninstructed shares are referred to in this proxy statement as "broker non-votes."

The persons named in the proxy will vote the shares represented by each properly executed proxy as directed therein. In the absence of such direction on a properly executed proxy card, the persons named in the proxy will vote "FOR" the persons nominated by our Board of Directors for election as directors; "FOR" the proposal to approve, on an advisory basis, the compensation of our executive officers; and "FOR" ratification of the appointment of KPMG LLP as our independent registered public accounting firm for 2016. As to other items of business that may properly be presented at the Annual Meeting for action, the persons named in the proxy will vote the shares represented by the proxy in accordance with their best judgment.

A shareholder of record (whether a registered holder or a beneficial owner) may revoke his or her proxy at any time before its exercise by giving written notice of such revocation to our Corporate Secretary. In addition, any shareholder of record (whether a registered holder or a beneficial owner) may vote by ballot at the Annual Meeting, even if he or she has already voted prior to the Annual Meeting, in accordance with the procedure set forth below.

You may own shares of our stock both as a registered holder and as a beneficial owner, in which case you will receive proxy materials as well as the Notice. To vote all of your shares, you will vote your "registered" shares based on the instructions in the proxy card, and your "beneficially-owned" shares based on the instructions in the Notice, by any of the methods set forth below.

The preliminary voting results will be announced at the Annual Meeting. The final results will be reported in a Current Report on Form 8-K to be filed within four business days following the date of the Annual Meeting.

#### HOW YOU CAN VOTE

Your vote is important. You may vote by any of the following methods:

**By telephone or via the Internet.** You may vote by proxy by telephone or via the Internet by following the instructions provided in the Notice, proxy card or voting instruction card.

**By mail.** If you received printed copies of the proxy materials by mail (whether initially or upon request), you may vote by proxy by signing and returning the proxy card or voting instruction card by mail.

**In person.** Registered holders and beneficial owners with shares held in street name (held in the name of a broker or other nominee) may vote in person at the Annual Meeting. Beneficial owners with shares held in street name must obtain a legal proxy from their broker or other nominee to vote in person at the Annual Meeting.

If you vote by telephone or via the Internet, please have your Notice or proxy card available. The control number appearing on your Notice or proxy card is necessary to process your vote. A telephone or Internet vote authorizes the named proxies in the same manner as if you marked, signed and returned a proxy card by mail.



## PROPOSAL 1

## ELECTION OF DIRECTORS

Our Board of Directors has fixed the number of directors at nine, all of whom are to be elected at the Annual Meeting. Each director elected will serve until our next annual meeting of shareholders and such time as a successor has been selected and qualified, or until the director's earlier death, resignation or removal. Each nominee has consented to being nominated and to serve if elected. If any nominee should subsequently decline or be unable to serve, the persons named in the proxy will vote for the election of such substitute nominee as shall be determined by them in accordance with their best judgment.

Pursuant to our Amended and Restated Articles of Incorporation, the holder of our Series A Nonconvertible Preferred Stock is entitled to nominate and elect two of the members of our Board of Directors. The holder of the Series A Nonconvertible Preferred Stock has waived this right with respect to the election of directors at the Annual Meeting. All nine nominees are presently members of our Board of Directors whose terms expire at the Annual Meeting. We recommend voting "FOR" the nominees set forth below. The experience, qualifications, attributes and skills set forth next to each nominee's name have led our Board of Directors to conclude that these nominees should serve as members of our Board of Directors.

## NOMINEES FOR ELECTION AS DIRECTORS

Year First Became Director,

Name of Director	Age	Principal Occupations and Certain Directorships
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Sherwin I. Seligsohn	80	Mr. Seligsohn is our Founder and has been the Chairman of our Board of Directors since June 1995. He also served as our Chief Executive Officer from June 1995 through December 2007, and as our President from June 1995 through May 1996. Mr. Seligsohn serves as the sole Director, President and Secretary of American Biomimetics Corporation, International Multi-Media Corporation, and Wireless Unified Network Systems Corporation. He was also previously the Chairman of the Board of Directors, President and Chief Executive Officer of NanoFlex Power Corporation (formerly known as Global Photonic Energy Corporation) ("NanoFlex") until April 2012, when he resigned from his positions at NanoFlex. Since that time, Mr. Seligsohn's only relationship with NanoFlex is as a shareholder and option holder. From June 1990 to October 1991, Mr. Seligsohn was Chairman Emeritus of InterDigital Communications, Inc. ("InterDigital"), formerly International Mobile Machines Corporation. He founded InterDigital and from August 1972 to June 1990 served as its Chairman of the Board of Directors. Mr. Seligsohn is a member of the Industrial Advisory Board of the Princeton Institute for the Science and Technology of Materials ("PRISM") at Princeton University.
Steven V. Abramson	64	Mr. Abramson is our President and Chief Executive Officer, and has been a member of our Board of Directors since May 1996. Mr. Abramson served as our President and Chief Operating Officer from May 1996 through December 2007. From March 1992 to May 1996, Mr. Abramson was Vice President, General Counsel, Secretary and Treasurer of Roy F. Weston, Inc., a worldwide environmental consulting and engineering firm. From December 1982 to December 1991, Mr. Abramson held various positions at InterDigital, including General Counsel, Executive Vice President and General Manager of the Technology Licensing Division.
Sidney D. Rosenblatt	68	Mr. Rosenblatt is an Executive Vice President and has been our Chief Financial Officer, Treasurer and Secretary since June 1995. He also has been a member of our Board of Directors since May 1996. Mr. Rosenblatt was the owner of S. Zitner Company from August 1990 through August 2010 and served as its President from August 1990 through December 1998. From May 1982 to August 1990, Mr. Rosenblatt served as the Senior Vice President, Chief Financial Officer and Treasurer of InterDigital. Mr. Rosenblatt is a trustee of Arcadia University and is on the Board of Managers of the Overbrook School for the Blind. He is also a member of the Board of Careers through Culinary Arts Program.



Name of Director	Year First Became Director,	Age	Principal Occupations and Certain Directorships
Leonard Becker		92	Mr. Becker has been a member of our Board of Directors since February 2001. For the last 40 years, Mr. Becker has been a general partner of Becker Associates, which is engaged in real estate investments and management. He served on the Board of Directors and on various committees of American Business Financial Services, Inc. until March 2007. He also previously served as a director of Eagle National Bank and Cabot Medical Corporation.
Richard C. Elias		62	Mr. Elias has been a member of our Board of Directors since April 2014. Mr. Elias retired from PPG Industries, Inc. prior to joining our Board. Prior to his retirement, Mr. Elias served as the Senior Vice President - Optical and Specialty Materials of PPG Industries, Inc. from July 2008 through March 30, 2014. From April 2000 through June 2008, Mr. Elias held the position of Vice President, Optical Products of PPG Industries, Inc. Mr. Elias is a director of Black Box Corporation (NASDAQ: "BBOX") and is a member of its Compensation Committee.
Elizabeth H. Gemmill		70	Ms. Gemmill has been a member of our Board of Directors since April 1997. She is also on the Boards of Beneficial Bancorp, Inc. (NASDAQ: "BNCL") and Arden Theatre Company, as well as The Presbyterian Foundation where she serves as the Chairman of the Board. Ms. Gemmill is also a Board Leadership Fellow of the National Association of Corporate Directors. Since March 1999, she has been Managing Trustee and, more recently, President of the Warwick Foundation until the Foundation was dissolved in 2012. From February 1988 to March 1999, Ms. Gemmill was Vice President and Secretary of Tasty Baking Company. Ms. Gemmill is the former Chairman of the Board of Philadelphia University (1998-2009). She previously served as a director of WHY, Inc., the Philadelphia College of Osteopathic Medicine, the YMCA of Philadelphia and Vicinity, American Water Works Company, Inc. until it was sold in early 2003, and Philadelphia Consolidated Holdings Corporation until it was sold in December 2008.
Rosemarie B. Greco		70	Ms. Greco has been a member of our Board of Directors since March 2015. From approximately 1999 to 2003, Ms. Greco was the founding Principal of GRECOventures Ltd., a business investment and consulting partnership. From 2003 to 2008, she served as the Executive Director of the Pennsylvania Office of Health Care Reform. From 1994 to 1997, she served as the CEO and President of CoreStates Bank, N.A. and the President, CoreStates Financial Corp. from 1996 to 1997. Ms. Greco serves on the Boards of Pennsylvania Real Estate Investment Trust (NYSE: "PEI") and PECO Energy Company, a subsidiary of Exelon Corporation. She is also a member of the Board of Overseers of the University of Pennsylvania School of Nursing and the Co-Chair of Vision 2020, a national coalition of organizations advancing women and leadership. She formerly served as a director of Exelon Corporation and Sunoco, Inc. and as a Trustee of S.E.I. Investments.
C. Keith Hartley		73	Mr. Hartley has been a member of our Board of Directors since September 2000. Since June 2000, he has been the President of Hartley Capital Advisors, a merchant banking firm. From August 1995 to May 2000, he was the managing partner of Forum Capital Markets LLC, an investment banking company. In the past, Mr. Hartley held the position of managing partner for Peers & Co. and Drexel Burnham Lambert, Inc. He serves as a director and is on various committees of Swisher International Group, Inc. He also previously served as a director of Idera Pharmaceuticals, Inc.
Lawrence Lacerte		63	Mr. Lacerte has been a member of our Board of Directors since October 1999. Since July 1998, he has been Chairman of the Board of Directors and Chief Executive Officer of Exponent Technologies, Inc., a company specializing in technology and Internet-related ventures. Prior to that time, he was the founder, Chairman of the Board of Directors and Chief Executive Officer of Lacerte Software Corp., which was sold to Intuit Corporation in June 1998.

**Vote Required and Recommendation of our Board of Directors**

At the Annual Meeting, each director will be elected by a majority of the votes cast with respect to that director at the meeting. For these purposes, a vote of the majority of the votes cast means that the number of shares voted "for" a

director exceeds 50% of the votes cast with respect to that director. Abstentions on this proposal are not considered "votes cast" and will have no effect on the outcome of the vote. Similarly, broker non-votes are not considered "votes cast" with respect to this proposal and, therefore, will have no effect on the outcome of the vote. Shareholders do not have cumulative voting rights with regard to the election of members of our Board of Directors.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR"  
EACH OF THE NOMINEES FOR DIRECTOR.

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#### Director Independence

Our Board of Directors has established a Nominating and Corporate Governance Committee, whose duties include, among others, making recommendations for approval to the full Board of Directors with regard to director independence. The members of our Nominating and Corporate Governance Committee are Mr. Becker, Mr. Elias, Ms. Gemmill, Mr. Hartley (Chair) and Mr. Lacerte. Each member of our Nominating and Corporate Governance Committee is an independent director under the NASDAQ listing requirements. Our Nominating and Corporate Governance Committee operates pursuant to a written charter that was last reviewed by the Nominating and Corporate Governance Committee and approved by our Board of Directors on April 5, 2016. A copy of the charter is publicly available through the "For Shareholders — Corporate Governance" section of our website at [www.udcoled.com](http://www.udcoled.com). After the Nominating and Corporate Governance Committee makes its recommendations to the Board of Directors with regard to director independence, our Board of Directors considers and approves these recommendations. In so doing, the Board of Directors has determined that a majority of its members are "independent directors" within the meaning of applicable NASDAQ listing requirements. Our independent directors are Mr. Becker, Mr. Elias, Ms. Gemmill, Ms. Greco, Mr. Hartley and Mr. Lacerte. In addition, based on these listing requirements, our Board of Directors has determined that Mr. Seligsohn, Mr. Abramson and Mr. Rosenblatt are not independent directors because they are all officers of the Company.

Our independent directors meet in executive session on a periodic basis in connection with regularly-scheduled meetings of the full Board of Directors, as well as in their capacity as members of our Audit, Compensation, and Nominating and Corporate Governance Committees, as applicable.

In evaluating director independence, the disinterested members of our Nominating and Corporate Governance Committee and the Board of Directors considered our relationship with Exponent Technologies, Inc. ("Exponent"). Exponent is a provider of information system services for payroll, benefits and human resources management. Mr. Lacerte is Chairman of the Board of Directors and Chief Executive Officer of Exponent. For 2015, we paid a total of approximately \$26,821 to Exponent in connection with its provision of these services to us. This amount is well below the threshold for director independence under the NASDAQ listing requirements. There being no other factors suggesting that this relationship might impair Mr. Lacerte's independence, the disinterested members of our Nominating and Corporate Governance Committee and the Board of Directors concluded that Mr. Lacerte should be treated as an independent director.

#### Board and Committee Meetings; Annual Meeting Attendance

In 2015, our Board of Directors held six meetings, our Audit Committee held five meetings, our Compensation Committee held seven meetings and our Nominating and Corporate Governance Committee held four meetings. In addition, during meetings of our full Board of Directors, members of our Audit Committee approved various audit and non-audit services, and members of our Compensation Committee approved various matters relating to equity compensation. All members of the Board attended at least 75% of these meetings in the aggregate.

All incumbent directors and nominees for election as director are encouraged, but not required, to attend our annual meetings of shareholders. All current members of our Board of Directors attended our Annual Meeting of Shareholders in 2015.

#### Director Nominations

Our Board of Directors has established a Nominating and Corporate Governance Committee, whose duties include, among others, recommending to the full Board of Directors candidates for election and re-election as directors. The Nominating and Corporate Governance Committee recommends candidates for election as directors, and the Board of Directors then approves the candidates who will be nominated to stand for election. In nominating candidates for election as directors, both our Nominating and Corporate Governance Committee and our full Board of Directors consider the skills, experience, character, commitment and diversity of background of each potential nominee, all in the context of the requirements of our Board of Directors at that point in time. With respect to their consideration of diversity of background, neither our Nominating and Corporate Governance Committee nor our full Board of Directors has a formal policy of assessing diversity with respect to any particular qualities or attributes. Each candidate should be an individual who has demonstrated integrity and ethics, has an understanding of the elements relevant to the success of a publicly-traded company, and has established a record of professional accomplishment in

such candidate's chosen field. Each candidate also should be prepared to participate in all Board and committee meetings that he or she attends, and should not have other personal or professional commitments that might reasonably be expected to interfere with or limit such candidate's ability to do so. Additionally, in determining whether to recommend a director for re-election, the director's past attendance at Board and committee meetings is considered.

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Our Board of Directors has no stated specific, minimum qualifications that must be met by candidates for election as directors. However, in accordance with SEC rules and applicable NASDAQ listing requirements, at least one member of our Board of Directors is expected to meet the criteria for an "audit committee financial expert" as defined by SEC rules, and a majority of the members of the Board are expected to meet the definition of "independent director" within the meaning of SEC rules and applicable NASDAQ listing requirements.

Any shareholder of record entitled to vote in the election of directors at an annual or special meeting of our shareholders may nominate one or more persons to stand for election to the Board at such meeting in accordance with the requirements of our Amended and Restated Bylaws. In order to be considered by our Board of Directors in connection with the nominations process for our 2017 Annual Meeting of Shareholders, all such director nominations must be received by our Corporate Secretary at our principal executive offices by February 16, 2017. Each such submission must be in writing and must comply with the notice, information and consent provisions contained in our Amended and Restated Bylaws. In addition, each such submission must include any other information required by Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Submissions should be addressed to our Corporate Secretary at the following address: Universal Display Corporation, 375 Phillips Boulevard, Ewing, New Jersey 08618.

Our Nominating and Corporate Governance Committee will consider all candidates identified by shareholders through the processes described above, and will evaluate each of them, including incumbent directors, based on the same criteria and make a recommendation to the full Board of Directors relating to all candidates for director. Although we have no formal policy regarding shareholder nominees, our Board of Directors believes that shareholder nominees should be viewed in substantially the same manner as other nominees. The consideration of any candidate for director will be based on an assessment of the individual's background, skills and abilities, together with an assessment of whether such characteristics qualify the individual to fulfill the needs of our Board of Directors at that time.

#### Board Leadership Structure

Since December 2007, when Mr. Abramson became our Chief Executive Officer and Mr. Seligsohn took the title Founder and Chairman of the Board, our Board of Directors has had a leadership structure in which the Board's chair and our Chief Executive Officer are different persons. Prior to that time, Mr. Seligsohn served both as Chief Executive Officer and Chairman of the Board. However, since Mr. Seligsohn remains an officer of the Company and a member of our management team, he continues to serve as the leader of our Board of Directors.

We believe that the overlap between our Board of Directors and executive management has been advantageous to us, as we have benefited from strong, clear, consistent and cohesive leadership, with a senior executive setting the tone and having ultimate responsibility for all of our operating and strategic functions, thus providing unified leadership and direction for our Board of Directors and our operational functions. While our Board of Directors has never concluded that the role of Chairman must always be held by a senior executive, and reserves the right to reconsider this matter, it intends to continue the current arrangement for the foreseeable future.

Our Board of Directors does not have a lead independent director, but receives strong leadership from all of its independent members. Additionally, as discussed above, our independent directors meet in executive session on a periodic basis in connection with regularly-scheduled meetings of the full Board of Directors, as well as in their capacity as members of our Audit, Compensation and Nominating and Corporate Governance Committees. All of our directors take active roles in the activities of our Board of Directors and at meetings of the full Board. The Board of Directors believes that this open structure, as compared to a system in which there is a designated lead independent director, facilitates a strong sense of responsibility among our directors, as well as active and effective oversight by the independent directors of our operations and strategic initiatives, including the risks that may be attendant thereto. All members of our Board of Directors are able to propose items for inclusion on Board meeting agendas, and our Board meetings include time for discussion of items not on the formal agenda.

Our Board is composed of nine directors - six independent directors and three directors who are executive officers of the Company. Each of our directors is a sophisticated and seasoned business person, experienced in board processes and knowledgeable regarding matters of corporate governance, and has substantial leadership experience in his or her field. For additional information about the backgrounds and qualifications of our directors, see above under the heading "Proposal 1 – Election of Directors."

Audit Committee

Our Board of Directors has established a standing Audit Committee. The members of our Audit Committee are Mr. Becker, Mr. Elias, Ms. Gemmill (Chair), Ms. Greco, Mr. Hartley, and Mr. Lacerte.

Our Audit Committee operates pursuant to a written charter that complies with the applicable provisions of the Sarbanes-Oxley Act of 2002 and related rules of the Securities and Exchange Commission (the "SEC") and NASDAQ listing standards. The Audit Committee Charter was last reviewed by our Audit Committee and approved by our Board of Directors on April 5, 2016, and a copy of the charter is publicly available through the "For Shareholders — Corporate Governance" section of our website at [www.udcoled.com](http://www.udcoled.com).



According to its charter, our Audit Committee is responsible for, among other things:

- reviewing our financial statements and discussing these statements and other relevant financial matters with management and our independent registered public accounting firm;
- selecting and evaluating our independent registered public accounting firm and approving all audit engagement fees and terms;
- pre-approving all audit and non-audit services provided to us, including the scope of such services, the procedures to be utilized and the compensation to be paid;
- assessing the effectiveness of our internal control system and discussing this assessment with management and our independent registered public accounting firm;
- reviewing our financial reporting and accounting standards and principles, significant changes in these standards and principles, or in their application, and key accounting decisions affecting our financial statements, including alternatives to, and the rationale for, these decisions;
- discussing with management and our independent registered public accounting firm, as appropriate, our risk assessment and risk management policies, including our major exposures to financial risk and the steps taken by management to monitor and mitigate these exposures; and

reviewing and investigating any matters pertaining to the integrity of management, including any actual or potential conflicts of interest or allegations of fraud, and the adherence of management to the standards of business conduct required by our code of ethics.

Each member of our Audit Committee meets the financial knowledge and independence criteria of the NASDAQ listing requirements. Our Board of Directors has determined that Ms. Gemmill is an "audit committee financial expert" as such term is defined under SEC regulations and that Ms. Gemmill meets the financial sophistication and independence standards mandated by the NASDAQ listing requirements.

#### REPORT OF THE AUDIT COMMITTEE

The Audit Committee has reviewed and discussed with Company management the audited financial statements of the Company for the fiscal year ended December 31, 2015, as well as management's assessment of the Company's internal control over financial reporting as of December 31, 2015. In addition, the Audit Committee has discussed with the Company's independent registered public accounting firm, KPMG LLP, the matters required to be discussed by Public Company Accounting Oversight Board (the "PCAOB") Auditing Standard No. 16. The Audit Committee also has received the written disclosures and the letter from KPMG LLP required by the PCAOB regarding KPMG LLP's communications with the Audit Committee concerning independence and has discussed the independence of KPMG LLP with that firm. Based on the Audit Committee's review of the matters noted above and its discussions with management and the Company's independent registered public accounting firm, the Audit Committee recommended to the Company's Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the period ended December 31, 2015.

Respectfully submitted by the Audit Committee

Elizabeth H. Gemmill (Chairperson)  
Leonard Becker  
Richard C. Elias  
Rosemarie B. Greco  
C. Keith Hartley  
Lawrence Lacerte



#### Compensation Committee

Our Board of Directors has established a standing Compensation Committee. The members of our Compensation Committee are Mr. Becker, Ms. Gemmill (Chair), Ms. Greco, Mr. Hartley and Mr. Lacerte.

Our Compensation Committee operates pursuant to a written charter that was last reviewed by our Compensation Committee and approved by our Board of Directors on April 5, 2016. A copy of the charter is publicly available through the "For Shareholders — Corporate Governance" section of our website at [www.udcoled.com](http://www.udcoled.com).

According to its charter, our Compensation Committee is responsible for, among other things:

- reviewing and approving the base salary, incentive compensation and any other compensation for the Company's Chief Executive Officer and other senior executive officers;

- recommending to the full Board of Directors the compensation for service as a member of the Board of Directors;

overseeing the development of an internally consistent and externally competitive executive compensation program

- to attract and retain qualified executives and to provide incentives for the attainment of the Company's strategic goals;

- reviewing and approving management's recommendations for equity compensation awards under the Company's equity-based compensation plans;

administering and discharging the duties imposed on the Compensation Committee under the terms of the charter, the

- Company's Equity Compensation Plan, Employee Stock Purchase Plan and the Supplemental Executive Retirement Plan; and

- making recommendations to the full Board of Directors with respect to long-term incentive compensation plans and equity based compensation plan, and any changes to such plans.

Our Compensation Committee has historically determined the compensation for the Company's executive officers in two stages. Base salary adjustments and perquisites and other benefits (life insurance coverage, automobile allowance, etc.) traditionally have been approved to coincide with the annual employment anniversaries of these individuals with the Company. Annual bonus awards, long-term incentive equity compensation awards, and any special cash or non-cash awards typically have been granted shortly after year-end. This enables the Compensation Committee to review and consider the Company's fiscal performance for the year in determining these awards.

Compensation for non-employee members of our Board of Directors for 2015 was recommended by our Compensation Committee and approved by the Board of Directors in December 2014. This compensation was paid in quarterly installments shortly following the end of each quarter during the year. No separate compensation was awarded in 2015 for committee service, other than additional compensation paid to the committee chairs, and directors who are employees or officers of the Company did not receive compensation for their service on the Board. In February 2016, upon the recommendation of Hay Group (described below), the Compensation Committee recommended, and the Board of Directors approved, compensation for committee service in 2016 and an increase in the amount of additional compensation for serving as a committee chair, to bring the Company's board compensation program in line with competitive market practices.

In order to facilitate the Compensation Committee's activities, Company management recommends to the Committee proposed compensation for the Company's executive officers and directors. However, the Committee exercises independent judgment in determining compensation for the Company's executive officers and directors, and in recommending this compensation to the full Board of Directors for approval. As part of this process, the Compensation Committee meets in executive session to review and ultimately finalize its recommendations.

The Compensation Committee has consulted from time to time as to compensation matters with Hay Group, Inc. ("Hay Group"), which was first engaged by the Compensation Committee in 2009 as consultants to review compensation for the Company's Chief Executive Officer and Chief Financial Officer. As discussed in "Executive Compensation – Compensation Discussion and Analysis," the Compensation Committee consulted with Hay Group in establishing the executive compensation program for 2015.

Compensation Committee Interlocks and Insider Participation

Each member of our Compensation Committee is an independent director under the NASDAQ listing requirements. None of the members of our Compensation Committee were officers or employees of the Company or any of its subsidiaries during 2015, were formerly officers of the Company or any of its subsidiaries, or had any relationship with the Company since the beginning of 2015 that requires disclosure under Item 404 of Regulation S-K, nor have there been since the beginning of 2015 any compensation committee interlocks involving our directors and executive officers that require disclosure under Item 407 of Regulation S-K.

## REPORT OF THE COMPENSATION COMMITTEE

The Compensation Committee of the Company has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with Company management and, based on such review and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

Respectfully submitted by the Compensation Committee

Elizabeth H. Gemmill (Chairperson)

Leonard Becker

Rosemarie B. Greco

C. Keith Hartley

Lawrence Lacerte

### Shareholder Communications

Shareholders may send communications to our Board of Directors, or to individual members of our Board of Directors, care of our Corporate Secretary at the following address: Universal Display Corporation, 375 Phillips Boulevard, Ewing, New Jersey 08618. In general, all shareholder communications sent to our Corporate Secretary for forwarding to our Board of Directors, or to specified Board members, will be forwarded in accordance with the sender's instructions. However, our Corporate Secretary reserves the right to not forward to members of our Board of Directors any abusive, threatening or otherwise inappropriate materials. Information on how to submit complaints to our Audit Committee regarding accounting, internal accounting controls or auditing matters can be found on the "For Shareholders — Corporate Governance" section of our website at [www.udcoled.com](http://www.udcoled.com). The information on our website referenced in this proxy statement is not and should not be considered a part of this proxy statement.

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

#### Philosophy and Objectives

Compensation and benefits programs are an important part of the relationship between our Company and its executive officers. Compensation for our executive officers is intended to be competitive, thereby allowing us to attract, motivate and retain talented personnel. We also seek to reward our executive officers for accomplishments and contributions to the Company's long-term strategic and short-term business goals.

#### How We Determine Executive Compensation

##### Introduction

The process of establishing compensation for our Named Executive Officers (as defined below) for 2015 began, as in prior years, with a review of the compensation paid to our executive officers in recent years. We have historically used prior compensation as a starting point because we believe, as a general matter, that executive compensation should remain relatively consistent from year-to-year while providing appropriate incentives for achieving desired results. By keeping executive compensation relatively constant year-to-year, we provide a stable pay environment for our executive officers while they work to grow our business and revenues in an industry and market that are still at an early stage, which poses risks for our business.

Beginning in 2013, with the assistance of Hay Group, the Compensation Committee established new performance based short-term and long-term incentive programs, which also formed the structural basis for our executive officers' 2015 compensation. With prior compensation as a baseline, the Committee considered the extent to which we achieved our business goals for the 2014 year to set the 2015 performance target goals. As discussed below under "Annual cash bonus awards" for 2015, on March 3, 2015, the Compensation Committee established individual targets relating to the short-term incentive program, in accordance with the Universal Display Corporation Annual Incentive Plan ("AIP") approved by shareholders in June 2013. Under the approved program, each of our Named Executive Officers was eligible to receive cash incentive payments, whereby targets were set as an individually defined percentage of their base salary with actual target payouts further modified, based on the achievement of pre-established performance goals at threshold, target and maximum levels.



With respect to long-term incentive compensation for 2015, each of our Named Executive Officers received a target long-term incentive award in an amount ranging from 60% to 100% of their base salaries. One-half of each award granted in 2015 was in the form of time-vesting restricted stock units ("RSUs") that vest over three years from the date of grant on a pro-rata basis with one-third vesting each year. The remaining half of each long-term incentive award for 2015 was in the form of performance share units ("PSUs") that will vest based on the achievement of pre-established relative performance goals over a three-year performance period from January 2015 through December 2017. Half of the PSUs awarded in March 2015 will vest based on the achievement of cumulative revenue growth relative to cumulative revenue growth of the companies in the NASDAQ Electronics Components Index, with the other half vesting based on the achievement of total shareholder return relative to total shareholder return of the companies in the NASDAQ Electronics Components Index. The PSU target awards are subject to a multiplier ranging from 0x to 2x based upon the percentile achievement with respect to each relative target.

Finally, the Compensation Committee considered other factors that may be relevant to compensation decisions with respect to our executive officers, including the state of the general economy.

Executive management makes recommendations to our Compensation Committee regarding all aspects of compensation for our Named Executive Officers. However, final decisions on any major element of compensation, as well as total compensation for our Named Executive Officers, are made by our Compensation Committee. Our Chief Executive Officer, Chief Financial Officer and Founder do not participate in Compensation Committee or Board deliberations regarding their respective compensation. Also, meetings of our Compensation Committee are scheduled well in advance of the proposed meeting date, and the Compensation Committee does not establish equity grant dates in order to affect the value of any particular award.

In making compensation decisions, the Compensation Committee considered whether the proposed compensation to our Named Executive Officers is within the range of compensation generally known to be paid to executives at other companies. Other than in any data provided by Hay Group, information on the compensation paid to executives at other companies is not tabulated or summarized, and the Compensation Committee did not engage in any formal form of compensation benchmarking.

In determining executive compensation, the Compensation Committee considered the current value to our executive officers of compensation paid or issued to them for prior years. However, the Compensation Committee has not focused on gains or losses from prior option grants or other awards because it believes that those gains or losses are not particularly significant in relation to overall compensation, and that gains or losses from prior awards do not have a substantial effect on the future performance of our executive officers.

From time to time, we utilize external consultants to assist in determining executive compensation. In 2009, the Compensation Committee of our Board of Directors engaged Hay Group as consultants to review compensation for the Company's Chief Executive Officer and Chief Financial Officer, and to estimate the financial impact of adopting a proposed supplemental retirement plan for certain of the Company's executive officers. The Compensation Committee has continued to consult with Hay Group over time, including in establishing the compensation program for the executives for 2015 and in connection with special five-year equity retention awards approved for Mr. Abramson and Mr. Rosenblatt in 2015.

Hay Group previously advised the Committee in connection with equity retention awards approved in 2010 for Mr. Abramson and Mr. Rosenblatt, which fully vested in March 2015. With respect to the new awards, Hay Group analyzed similarly-situated companies that had provided retention awards to the chief executive officer. The rationale behind the 2015 grants was to encourage longer-term employment in the context of driving strategic business initiatives and shareholder value creation. Hay Group noted that retention programs are fairly common in the market and are used to promote objectives similar to the foregoing as well as a wide array of other goals. Hay Group also reviewed the awards in the context of overall compensation to Mr. Abramson and Mr. Rosenblatt. Hay Group noted that the Committee had taken the 2010 awards into consideration when awarding other grants of long-term incentive equity compensation, resulting in below-market annual grants of long-term incentive equity to Mr. Abramson and Mr. Rosenblatt. Hay Group also determined that on an annualized basis over the retention period, the value of the 2015 retention awards as a percentage of base salary was within the range of comparable companies.





## Elements of Compensation

For 2015, total compensation to our Named Executive Officers consisted of the following elements:

- Base salaries;
- Annual cash bonus awards;
- Long-term incentive equity compensation awards;
- Supplemental retirement benefits;
- Special long-term equity retention awards;
- Special event awards; and
- Perquisites and other benefits.

Our Named Executive Officers receive both cash and non-cash, or equity, compensation. We use long-term incentive awards that vest over time largely to motivate our executive officers to continue to perform in future years. For 2015, equity compensation was in the form of RSUs that vest pro-rata over a three-year time period and PSUs that vest based on the achievement of pre-established relative performance goals over a three-year performance period from January 2015 through December 2017. Half of the PSUs awarded in March 2015 will vest based on the achievement of cumulative revenue growth relative to cumulative revenue growth of the companies in the NASDAQ Electronics Components Index, with the other half vesting based on the achievement of total shareholder return relative to total shareholder return of the companies in the NASDAQ Electronics Components Index. In addition, in 2015, special five-year equity retention awards were approved for Mr. Abramson, Mr. Rosenblatt, Dr. Brown and Ms. DuFour, and a special four-year equity retention award was approved for Mr. Premutico. While in the past we have issued immediately vesting stock awards associated with special events, no such stock awards were made in 2015.

We also utilize annual cash bonus awards to reward our Named Executive Officers for their performance during the past year, which were awarded under the AIP in 2015 for 2014 performance, and one Named Executive Officer received cash bonuses during 2015 relating to various patent awards on which she was a named inventor. Beginning in 2010, we also started using supplemental retirement benefits to incentivize our Named Executive Officers to continue to provide valuable leadership to the Company. Our Named Executive Officers also receive other perquisites and benefits, outlined below, that we believe are nominal in their overall compensation structure, but still significant. We believe that each of these components is an important and necessary element of executive compensation.

Should unusual events or circumstances occur which have a material impact on our Company, we would expect the Compensation Committee to consider them in deciding whether to make any significant changes in executive compensation.

### Base salaries

We believe that there is a general expectation by our executive officers that their base salaries will remain relatively consistent year-to-year, subject to limited merit-based adjustments. We also believe that this relatively simple approach is commonly used to determine the base salaries of executives at other small companies, though we have not conducted independent research to verify this. More substantial adjustments in the base salaries of our executive officers may be warranted in the future when the market for our OLED technologies and materials matures, or under circumstances different from those in our current environment.

In 2015, the base salaries of our Named Executive Officers were moderately increased by 3.5% over the prior year. This percentage increase was consistent with prior year base salary increases for these executive officers and with increases in the base salaries of our other employees during 2015. The increases were primarily merit-based and intended to reward our executive officers for their overall performance on behalf of the Company. To a lesser extent, the increases were intended to offset increases in the cost of living, although no actual survey of cost of living indices was conducted.

The base salaries of Mr. Abramson and Mr. Rosenblatt were adjusted effective as of July 1, 2015, the traditional salary adjustment date for each of these individuals. The base salaries of Dr. Brown, Mr. Premutico and Ms. DuFour were adjusted effective as of their annual employment anniversary dates of June 22, 2015, April 16, 2015 and January 2, 2015, respectively.

Consistent with previous years, all adjustments to the salaries of our executive officers for 2015 were recommended by executive management and approved by our Compensation Committee at a meeting held on December 18, 2014.

As in the past, each of Mr. Abramson and Mr. Rosenblatt received the same base salary in 2015. This reflects our historic practice of treating these two individuals equally based on their longstanding dedication and commitment to the Company, their shared responsibility for overall management of the Company, and the comparable value that each of them has provided and continues to provide to our business success.

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Additionally, consistent with previous years, all adjustments to the salaries of our Named Executive Officers for 2016 were recommended by executive management and approved by our Compensation Committee at a meeting held on December 17, 2015. In 2016, the base salaries of our Named Executive Officers are to be moderately increased by 3.5% over 2015 on the traditional salary adjustment date of July 1 for Mr. Abramson and Mr. Rosenblatt and on the annual employment anniversary dates of June 22, April 16 and January 2, respectively, for Dr. Brown, Mr. Premutico and Ms. DuFour. This percentage increase is consistent with prior year base salary increases for these executive officers and with increases in the base salaries of our other employees for 2016.

#### Annual cash bonus awards

For 2014 year-end performance, cash bonus awards to our Named Executive Officers (reflected in the Summary Compensation Table under "2015," which were recommended by our Compensation Committee and approved by our full Board of Directors at a meeting held on March 3, 2015) were paid in 2015 in the following amounts: Mr. Abramson – \$900,662; Mr. Rosenblatt – \$900,662; Dr. Brown – \$632,613; Mr. Premutico – \$321,321; and Ms. DuFour – \$250,442. These payments were then subject to customary tax withholding consistent with applicable requirements. For the reasons indicated earlier, Mr. Abramson and Mr. Rosenblatt again received the same bonus awards in 2015 for 2014 year-end performance. In addition, Dr. Brown also received cash bonuses during 2015 relating to various patent awards on which she was a named inventor, which totaled approximately \$16,000.

#### AIP Grants

The AIP (adopted by the Board in March 2013 and approved by the shareholders in June 2013) is a bonus plan pursuant to which all senior executives of the Company and its subsidiaries are eligible to participate to earn a bonus based on the achievement of performance objectives. The Compensation Committee designates which senior executives will participate in the AIP for each fiscal year. In order to be eligible to receive a bonus payment, the participant must be actively employed by the Company or a subsidiary on the date on which the bonus is paid, except as described below in the event of death, disability, or a leave of absence.

Bonus awards under the AIP are awarded to eligible participants on an annual basis, if the performance goals established by the Compensation Committee are met. At the beginning of each fiscal year, the Compensation Committee establishes each participant's target and maximum bonus award, the performance goals applicable to the bonus award, and such other conditions as the Compensation Committee deems appropriate. The performance goals may provide for differing amounts to be paid (e.g., threshold, target, and maximum amounts) based on differing levels of performance for each performance goal. The performance goals may relate to the financial performance of the Company and its subsidiaries or one or more business units, and, where appropriate, they may relate to a participant's personal performance.

At the end of the fiscal year, the Compensation Committee determines the extent to which the performance goals and other conditions of the bonus awards have been met, and the amount, if any, to be paid to each participant. A participant will not earn a bonus for any portion of the performance goals for a fiscal year under the AIP if the level of achievement of the performance goals is below the threshold requirement to earn an award, as established by the Compensation Committee.

Any bonus awards that are earned shall be paid at or shortly after the end of each fiscal year, after the Compensation Committee certifies attainment of the performance goals, provided the participant is actively employed by the Company on the payment date. Bonus awards under the AIP are payable in cash, shares of our common stock or stock units under the Universal Display Corporation Equity Compensation Plan, or such other form as the Compensation Committee determines in its discretion.

The AIP is intended to meet the requirements for "qualified performance-based compensation" under Section 162(m) of the Internal Revenue Code (the "IRC"). For grants that are intended to meet the requirements of qualified performance-based compensation, the Compensation Committee will establish, in writing, the objective performance goals that must be met, the performance period during which these goals must be met, the threshold, target, and maximum amounts that would be paid if the performance goals are met, and any other conditions that the Compensation Committee deems appropriate and consistent with the AIP and Section 162(m) of the IRC. The performance goals must be based on one or more of the following criteria, either in absolute terms or in comparison to publicly available industry standards or indices: stock price, return on equity, assets under management, EBITDA, earnings per share, price-earnings multiples, net income, operating income, revenues, working capital, accounts

receivable, productivity, margin, net capital employed, return on assets, shareholder return, return on capital employed, increase in assets, operating expense, unit volume, sales, internal sales growth, cash flow, market share, relative performance to a comparison group designated by the Compensation Committee, or strategic business criteria consisting of one or more objectives based on meeting specified revenue goals, market penetration goals, customer growth, geographic business expansion goals, cost targets or goals relating to acquisitions or divestitures. The Compensation Committee may reduce or increase a bonus award for any fiscal year based on its assessment of personal performance or other factors. Any reduction of a participant's bonus cannot result in an increase in any other participant's bonus.

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For 2015, our Compensation Committee set pre-established weighted performance goals on the following: 30% upon achievement of a target revenue goal of approximately \$200 million; 30% upon achievement of a goal for adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA") of approximately \$103 million; and 40% based upon team and individual key performance indicators. The overall bonus amount to be paid, after using the above pre-established weighted performance goals, may be modified up or down by an additional 50% based on the individual's specific performance. For 2015, the Named Executive Officers AIP targets are set forth below:

Name	Base Salary (\$)	Annual Incentive Target (% of Base)	Annual Incentive Target (\$)
Steven V. Abramson President and Chief Executive Officer	633,978	100	633,978
Sidney D. Rosenblatt Executive Vice President and Chief Financial Officer	633,978	100	633,978
Julia J. Brown, Ph.D. Senior Vice President and Chief Technical Officer	445,298	100	445,298
Mauro Premutico Vice President Legal and General Manager, Patents and Licensing	376,964	60	226,179
Janice M. DuFour Vice President of Technology Commercialization and General Manager, PHOLED Material Sales Business	306,855	60	184,113

The maximum bonus award that may be achieved under the non-individual performance criteria of the AIP is 150% of the annual incentive target award, which amount may be modified by an additional plus or minus 50% based on the individual's performance. Therefore, each Named Executive Officer was eligible to earn an amount ranging from 0% to 225% of his or her base salary. The awards paid to the Named Executive Officers in March 2016 for 2015 year-end performance under the AIP were: Mr. Abramson – \$834,583 (constituting 132% of base salary); Mr. Rosenblatt – \$834,583 (constituting 132% of base salary); Dr. Brown – \$586,199 (constituting 132% of base salary); Mr. Premutico – \$297,747 (constituting 79% of base salary) and Ms. DuFour – \$200,944 (constituting 65% of base salary). These cash bonus awards to our Named Executive Officers for 2015 year-end performance were approved by our Compensation Committee at a meeting held on March 1, 2016. These payments were then subject to customary tax withholding consistent with applicable requirements. For the reasons indicated earlier, Mr. Abramson and Mr. Rosenblatt again received the same bonus awards for 2015 year-end performance.

#### Long-term incentive equity compensation awards

We use long-term incentive equity compensation awards to link the compensation paid to our executive officers with our future performance and the future performance of our common stock. We believe that this helps align the interests of our executive officers with those of our shareholders. We also use these awards to encourage our executive officers to remain with the Company through the applicable vesting period. As with other compensation to our executive officers, long-term incentive equity compensation awards are recommended by executive management and approved by our Compensation Committee and full Board of Directors.

Historically, long-term incentive equity compensation awards have been granted to our executive officers on an annual basis in conjunction with the grant of annual bonus awards to these individuals. Prior to 2013, these awards generally were in the form of restricted share awards that vested over a period of time, with vesting contingent on the officer continuing to be employed by us on the vesting date. However, in 2013, the Compensation Committee, with the help of Hay Group, implemented a new long-term incentive equity compensation approach that included a performance-based element that was applied to a portion of the long-term incentive equity compensation awards made to our executive officers in the form of PSUs. These PSUs were based upon specific performance criteria applied over a multi-year performance period. The other part of each award under this approach was in the form of time-vesting RSUs.

With respect to long-term incentive compensation awards granted in 2015, our Named Executive Officers received a target long-term incentive award in an amount ranging from 60% to 100% of their base salaries. One-half of each award was in the form of time-vesting RSUs to vest one-third each year over three years on March 3, 2016, 2017 and 2018. The following time-vesting RSUs were approved by our Compensation Committee and full Board of Directors, and awarded, on March 3, 2015: Mr. Abramson – 8,512; Mr. Rosenblatt – 8,512; Dr. Brown – 5,978; Mr. Premutico – 3,036; and Ms. DuFour – 2,472. As with other compensation, Mr. Abramson and Mr. Rosenblatt received the same long-term incentive equity compensation awards.

The remaining one-half of each long-term incentive award granted in 2015 to our Named Executive Officers was in the form of PSUs. The PSUs will vest based on the achievement of pre-established relative performance goals over a three-year performance period from January 2015 through December 2017. Half of the PSUs awarded in March 2015 will vest based on the achievement of cumulative revenue growth relative to cumulative revenue growth of the companies in the NASDAQ Electronics Components Index, with the other half vesting based on the achievement of total shareholder return relative to total shareholder return of the companies in the NASDAQ Electronics Components Index. The PSU target awards are subject to a multiplier ranging from 0x to 2x based upon the percentile achievement with respect to each relative target. On March 3, 2015, the following PSU target awards were approved by the Compensation Committee and the full Board of Directors, subject to the application of the appropriate modifier at the end of the Performance Period based on the Compensation Committee's determination of the satisfaction of the performance goals: Mr. Abramson – 8,512; Mr. Rosenblatt – 8,512; Dr. Brown – 5,979; Mr. Premutico – 3,037; and Ms. DuFour – 2,472. As with other compensation, Mr. Abramson and Mr. Rosenblatt received the same long-term incentive equity compensation awards.

Additionally, long-term incentive equity compensation awards previously granted to our Named Executive Officers also vested at various points in 2015 and the first part of 2016.

The first one-third of the restricted share awards granted to our Named Executive Officers as RSUs on March 3, 2015 vested on March 3, 2016. This resulted in the vesting on March 3, 2016 of the following shares of common stock previously granted to our Named Executive Officers: Mr. Abramson – 2,838 shares; Mr. Rosenblatt – 2,838 shares; Dr. Brown – 1,993 shares; Mr. Premutico – 1,013 shares; and Ms. DuFour – 825 shares. As with other equity awards that we grant, portions of the vesting shares were withheld in consideration of the Company's payment of associated payroll taxes on behalf of these officers. The shares withheld for the March 3, 2016 vestings were as follows: Mr. Abramson – 1,277 shares; Mr. Rosenblatt – 1,277 shares; Dr. Brown – 606 shares; Mr. Premutico – 565 shares; and Ms. DuFour – 298 shares.

The first one-third of the restricted share awards granted to our Named Executive Officers as RSUs on March 3, 2014 vested on March 3, 2015, and the second one-third of the same restricted share awards vested on March 3, 2016. This resulted in the vesting on March 3, 2015 and 2016, respectively, of the following shares of common stock previously granted to our Named Executive Officers: Mr. Abramson – 2,953 and 2,952 shares; Mr. Rosenblatt – 2,953 and 2,952 shares; Dr. Brown – 2,074 and 2,074 shares; Mr. Premutico – 1,054 and 1,053 shares; and Ms. DuFour – 858 and 857 shares. As with other equity awards that we grant, portions of the vesting shares were withheld in consideration of the Company's payment of associated payroll taxes on behalf of these officers. The shares withheld for these March 3, 2015 and 2016 vestings, respectively, were as follows: Mr. Abramson – 1,329 and 1,328 shares; Mr. Rosenblatt – 1,309 and 1,328 shares; Dr. Brown – 664 and 630 shares; Mr. Premutico – 644 and 587 shares; and Ms. DuFour – 318 and 310. The restricted share awards granted to our Named Executive Officers as RSUs on March 7, 2013 that were scheduled to vest after a two-year period vested in full on March 7, 2015, resulting in the vesting of the following shares of common stock: Mr. Abramson – 8,780 shares; Mr. Rosenblatt – 8,780 shares; Dr. Brown – 6,167 shares; Mr. Premutico – 3,132 shares; and Ms. DuFour – 2,550 shares. As with other equity awards that we grant, portions of the vesting shares were withheld in consideration of the Company's payment of associated payroll taxes on behalf of these officers. The shares withheld for the March 7, 2015 vestings were as follows: Mr. Abramson – 3,952 shares; Mr. Rosenblatt – 3,952 shares; Dr. Brown – 1,876 shares; Mr. Premutico – 1,742 shares; and Ms. DuFour – 942 shares.

The second one-third of the restricted share awards granted to Dr. Brown, Mr. Premutico and Ms. DuFour on March 7, 2013 and to Mr. Abramson and Mr. Rosenblatt on March 8, 2013, vested on March 7 and 8, 2015, and the final one-third of the same restricted share awards vested on March 7 and 8, 2016. This resulted in the vesting of shares of common stock previously granted to our Named Executive Officers on March 8, 2015 and 2016, respectively, as follows: Mr. Abramson – 4,687 and 4,687 shares; Mr. Rosenblatt – 4,687 and 4,687 shares; Dr. Brown – 3,479 and 3,478 shares; Mr. Premutico – 1,305 and 1,304 shares; and Ms. DuFour – 1,425 and 1,425 shares. As with other equity awards that we grant, portions of the vesting shares were withheld in consideration of the Company's payment of associated payroll taxes on behalf of these officers. The shares withheld for the March 7 and 8, 2015 and 2016 vestings, respectively, were as follows: Mr. Abramson – 2,110 and 2,110 shares; Mr. Rosenblatt – 2,110 and 2,110 shares; Dr. Brown – 1,049 and 1,058 shares; Mr. Premutico – 735 and 728 shares; and Ms. DuFour – 511 and 522 shares.

The final one-third of the restricted share awards previously granted to Mr. Abramson, Mr. Rosenblatt, Dr. Brown and Ms. DuFour on March 8, 2012 vested on March 8, 2015. This resulted in the vesting of shares of common stock previously granted to our Named Executive Officers on March 8, 2015, as follows: Mr. Abramson – 3,650 shares; Mr. Rosenblatt – 3,650 shares; Dr. Brown – 2,640 shares; and Ms. DuFour – 1,081 shares. As with other equity awards that we grant, portions of the vesting shares were withheld in consideration of the Company's payment of associated payroll taxes on behalf of these officers. The shares withheld for the March 8, 2015 vesting were as follows: Mr. Abramson – 1,643 shares; Mr. Rosenblatt – 1,643 shares; Dr. Brown – 803 shares; and Ms. DuFour – 396 shares.



The final installment (50,000 shares) of the March 18, 2010 special retention awards granted to each of Mr. Abramson and Mr. Rosenblatt vested on March 18, 2015. As with other equity awards that we grant, portions of the vesting shares were withheld in consideration of the Company's payment of associated payroll taxes on behalf of these officers. For each of Mr. Abramson and Mr. Rosenblatt, the number of shares so withheld on March 18, 2015 was 22,510.

The third of four installments (11,702 shares) of the March 8, 2012 special retention award to Dr. Brown vested on March 8, 2015, and the final installment (11,701 shares) vested on March 8, 2016. As with other equity awards that we grant, portions of the vesting shares were withheld in consideration of the Company's payment of associated payroll taxes on behalf of Dr. Brown. The shares so withheld for Dr. Brown were 3,559 in 2015, and 5,171 in 2016.

The third of four installments (6,451 shares) of the March 8, 2012 special retention award to Ms. DuFour vested on March 8, 2015, and the final installment (6,451 shares) vested on March 8, 2016. As with other equity awards that we grant, portions of the vesting shares were withheld in consideration of the Company's payment of associated payroll taxes on behalf of Ms. DuFour. The shares so withheld for Ms. DuFour were 2,396 in 2015, and 2,394 in 2016.

The third of five installments (9,553 shares) of the April 16, 2012 special retention award granted to Mr. Premutico vested on April 16, 2015, and the fourth of five installments (9,553 shares) vested on April 16, 2016. As with other equity awards that we grant, portions of the vesting shares were withheld in consideration of the Company's payment of associated payroll taxes on behalf of Mr. Premutico, which were 5,355 shares in 2015.

Additionally, based on the Compensation Committee's determination of the satisfaction of the performance goals over a performance period from January 2013 through December 2014 based on the achievement of cumulative revenue growth relative to cumulative revenue growth of the companies in the NASDAQ Electronics Components Index, subject to the application of the appropriate 2x modifier, on March 27, 2015, the Compensation Committee awarded the following shares on account of the PSUs originally approved by the full Board on March 7, 2013: Mr. Abramson - 8,780; Mr. Rosenblatt - 8,780; Dr. Brown - 6,166; Mr. Premutico - 3,132; and Ms. DuFour - 2,550. As with other compensation, Mr. Abramson and Mr. Rosenblatt received the same long-term incentive equity compensation awards. Additionally, the Compensation Committee further determined that the performance criteria for the other half of the March 7, 2013 PSU award based on the achievement of total shareholder return relative to total shareholder return of the companies in the NASDAQ Electronics Components Index was not met, and no corresponding award was made.

As with other equity awards that we grant, portions of the awarded PSU shares were withheld in consideration of the Company's payment of associated payroll taxes on behalf of these officers, with the following shares withheld: Mr. Abramson - 3,952 shares; Mr. Rosenblatt - 3,952 shares; Dr. Brown - 2,775 shares; Mr. Premutico - 1,753; and Ms. DuFour - 944 shares.

#### Special long-term equity retention awards

On April 7, 2015, our Compensation Committee and Board of Directors approved special long-term equity retention awards for Mr. Abramson and Mr. Rosenblatt, each relating to 250,000 restricted shares of our common stock, which vest over five years, and provide for a one-year holding period. As discussed previously, Hay Group provided the Compensation Committee with a review of recent retention awards made by similarly-situated companies and analysis of the 2015 retention awards in the context of Mr. Abramson's and Mr. Rosenblatt's overall compensation package. The Compensation Committee considered Hay Group's recommendations in determining the amount and terms of the awards for Mr. Abramson and Mr. Rosenblatt. Consistent with other executive compensation decisions, Mr. Abramson and Mr. Rosenblatt received the same award amount.

On September 10, 2015, our Compensation Committee and Board of Directors approved special long-term equity retention awards for Dr. Brown, Mr. Premutico and Ms. DuFour. For Dr. Brown, the award relates to 125,000 restricted shares of our common stock, which vest over five years starting in 2017. For Mr. Premutico, the award relates to 75,000 shares of our common stock that vest over four years starting in 2018. For Ms. DuFour, the award relates to 35,000 restricted shares of our common stock vesting over five years starting in 2017.

In each case, the Company determined that it was in the best interests of our shareholders to grant these special multi-year equity retention awards to induce Mr. Abramson, Mr. Rosenblatt, Dr. Brown, Mr. Premutico and Ms.

DuFour to continue to remain in the service of the Company and to promote the development of the Company, ensuring that the Company continues to benefit from their valuable leadership and vision.

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Each special retention award for Mr. Abramson and Mr. Rosenblatt is subject to a retention agreement with the Company, which provides that the award will vest ratably over a five-year period beginning on the first anniversary of the date of grant, subject to continued employment with the Company through the applicable vesting date. Each special retention award for Dr. Brown and Ms. DuFour is subject to a retention agreement with the Company, which provides that the award will vest ratably over a five-year period beginning on March 8, 2017, subject to continued employment with the Company through the applicable vesting date. The special retention award for Mr. Premutico is subject to a retention agreement with the Company, which provides that the award will vest ratably over a four-year period beginning on April 16, 2018, subject to continued employment with the Company through the applicable vesting date. The awards are subject to accelerated vesting in the event of a change in control of the Company. Each of the award recipients is required to retain the shares for one year after vesting.

The first of five installments (50,000 shares) of the April 7, 2015 special equity retention awards granted to each of Mr. Abramson and Mr. Rosenblatt vested on April 7, 2016. As with other equity awards that we grant, portions of the vesting shares were withheld in consideration of the Company's payment of associated payroll taxes on behalf of these officers. For each of Mr. Abramson and Mr. Rosenblatt, the number of shares so withheld on April 7, 2016 was 22,510.

#### Supplemental retirement benefits

In 2010, our Compensation Committee and our Board of Directors approved and adopted the Universal Display Corporation Supplemental Executive Retirement Plan (SERP). The SERP is a nonqualified deferred compensation plan under the IRC and is unfunded. Participants include management or highly compensated employees of the Company who are selected by the Compensation Committee to receive benefits under the SERP. The SERP became effective on April 1, 2010. Mr. Abramson, Mr. Rosenblatt, Dr. Brown and Ms. DuFour were designated as participants in the SERP. Mr. Premutico was added as a participant as of December 19, 2013.

On March 3, 2015, the Board of Directors, on the recommendation of the Compensation Committee, adopted Amendment 2015-1 to the SERP ("Amendment 2015-1"), which amended the SERP to provide that, for participants serving as executive officers of the Company as of that date, or who become an executive officer thereafter, the SERP benefit is based on a percentage of the participant's annual base salary and the participant's average annual bonus for the most recent three fiscal years ending prior to the participant's date of termination of employment with the Company for the life of the participant. Prior to the adoption of Amendment 2015-1, the SERP benefit did not take into account any bonuses except as noted below.

The Compensation Committee engaged Hay Group to provide a report outlining various design alternatives for the SERP, the prevalence of similar benefits offered by other companies of various sizes (based on a survey by Hay Group that received over 800 responses), projected cost estimates for implementation of the SERP, and a summary of other design and accounting considerations for the SERP. The Compensation Committee considered Hay Group's recommendations in structuring and adopting the SERP, as well as in structuring and adopting Amendment 2015-1. The SERP was adopted to incentivize our executive officers to remain with the Company through retirement age. Under the SERP, as amended by Amendment 2015-1, if a participant resigns or is terminated without cause at or after age 65 and with at least 20 years of continuous service with the Company, for the life of such participant, he or she will be eligible to receive a SERP benefit based on a percentage of the participant's annual base salary and the participant's average annual bonus for the most recent three fiscal years ending prior to the participant's date of termination of employment. This percentage is 50%, 25% or 15%, depending on the participant's benefit class. If a participant resigns after age 65 and with at least 15 years of service, he or she will be eligible to receive a prorated SERP benefit. If a participant is terminated without cause or on account of a disability after at least 15 years of service, he or she will be eligible to receive a prorated SERP benefit regardless of age. The prorated benefit in either case will be based on the participant's number of years of service (up to 20), divided by 20. In the event a participant is terminated for cause, his or her SERP benefit and any future benefit payments are subject to immediate forfeiture. In the event of a change in control of the Company, each participant in the SERP will become immediately vested in his or her benefit under the SERP. Unless the participant's benefit has already fully vested, if the participant has less than 20 years of service at the time of the change in control, he or she will receive a prorated benefit based on his or her number of years of service (up to 20), divided by 20. If the change in control qualifies as a "change in control

event" for purposes of Section 409A of the IRC, then each participant (including former employees who are entitled to SERP benefits) will receive a lump sum cash payment equal to the present value of the benefit immediately upon the change in control.

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Mr. Abramson, Mr. Rosenblatt, Dr. Brown, Mr. Premutico and Ms. Brown are designated participants in the 50% benefit class. Their ages and respective years of service as of the Record Date are set forth in the table below.

Name	Age	Years of Service
Steven V. Abramson	64	19
Sidney D. Rosenblatt	68	19
Julia J. Brown, Ph.D.	55	17
Mauro Premutico	50	4
Janice M. DuFour	58	19

As individuals with special expertise and institutional knowledge that the Company considers to be highly valuable to the Company's continued success, Mr. Abramson and Mr. Rosenblatt are designated as special participants under the SERP. If either of them resigns or is terminated without cause after 20 years of continuous service with the Company, or at or after age 65 and with at least 15 years of service, he will be eligible to receive a SERP benefit. If either of them is terminated without cause or on account of a disability, he will be eligible to receive a prorated SERP benefit regardless of age. The prorated benefit will be based on his number of years of service (up to 20), divided by 20. The SERP benefit for each of Mr. Abramson and Mr. Rosenblatt is based on 50% of his annual base salary and his average annual bonus for the most recent three fiscal years for his life and the life of his surviving spouse, if any. Payments are based on a present value calculation of the benefit amount for the actuarial remaining life expectancies of him and his surviving spouse, if any. If either of them dies before reaching age 65, the benefit is not forfeited if his surviving spouse, if any, lives until he would have reached age 65. If his spouse also dies before he would have reached age 65, the benefit is forfeited. Except as described above, Mr. Abramson and Mr. Rosenblatt are subject to the same treatment as other participants in the SERP.

The current accumulated benefit under the SERP as of December 31, 2015 for each of these participants is as follows: Mr. Abramson – \$5,996,691; Mr. Rosenblatt – \$3,724,348; Dr. Brown – \$2,314,444; Mr. Premutico – \$817,899 and Ms. DuFour – \$1,133,325.

#### Special event awards

From time to time, we issue cash and non-cash awards to our employees, including our executive officers, relating to the occurrence of special events. For example, we have historically awarded a small amount of equity compensation to our employees in connection with the filing and issuance of new patents on which they are named inventors. From time to time, we have also issued cash awards to our employees in connection with their having achieved special recognition in their field or in the industry. We believe that these awards are a small but important component of compensation intended to recognize our employees for special individual accomplishments that are likely to benefit us and our business.

During 2015, our Compensation Committee did not award any special non-cash awards of shares of common stock to our Named Executive Officers. However, Dr. Brown received cash bonuses during 2015 relating to various patent awards on which she was a named inventor, which totaled approximately \$16,000. These cash awards to Dr. Brown were granted consistent with our historical practice of awarding compensation based on the filing and issuance of U.S. patents on which our employees are named inventors.

Other than the award to Dr. Brown, we did not issue any other special event awards, cash or non-cash, to our Named Executive Officers in 2015.

#### Perquisites and other benefits

We provide benefits to all of our employees, including our Named Executive Officers. These include paid time off, paid sick time, Company-sponsored life, short-term and long-term disability insurance, individual and family medical and dental insurance, 401(k) plan matching contributions, and other similar benefits. We believe that these benefits are an important factor in helping us maintain good relations with our employees and in creating a positive work environment.

For some of these employee benefits, the actual amount provided depends on the employee's salary, such that our higher-salaried employees, including our executive officers, receive total benefits that are greater than those of other employees. For example, matching contributions under our 401(k) plan were the maximum permissible amount of \$7,950 for all of our Named Executive Officers in 2015.



We also made life and disability insurance premium payments on behalf of our Named Executive Officers in 2015. Again, the actual amount of these payments depends in part on the employee's age and salary, such that payments made on behalf of our older or higher-salaried employees, which includes our executive officers, will be greater than those made on behalf of other employees. These life insurance premium payments were also higher for our executive officers because they are entitled to a benefit equal to two times their annual base salary, as compared to our other employees who are entitled to a benefit equal to their annual base salary. In addition, we made premium payments for supplemental disability and excess life insurance coverage for Mr. Abramson and Mr. Rosenblatt. However, the dollar value of all of these payments was relatively small compared to the total compensation paid to our executive officers for the year, and in any event we consider these type of benefits to be standard components of executive compensation at most companies.

In 2015, as in prior years, we provided an automobile allowance of \$500 per month to each of Mr. Abramson and Mr. Rosenblatt, and reimbursed each of them for reasonable expenses associated with the automobiles they used to commute to our offices in Ewing, New Jersey, such as expenses for automobile repairs and insurance. We do not consider this additional benefit to be a substantial component of executive compensation.

Our Compensation Committee approved continuation of these benefits for Mr. Abramson and Mr. Rosenblatt in 2015 at a meeting held on December 18, 2014, in conjunction with the Committee's approval of annual base salary increases for certain of our executives. Commencing in March 2015, following our Compensation Committee's recommendation and the Board of Directors' approval, we also began to provide an automobile allowance of \$500 per month plus repairs and insurance to each of Dr. Brown, Mr. Premutico and Ms. DuFour. We do not consider this additional benefit to be a substantial component of executive compensation.

Our Compensation Committee approved continuation of these benefits for our executive officers for 2016 at a meeting held on December 17, 2015. This approval occurred in conjunction with the Committee's approval of annual base salary increases for certain of our executive officers.

#### Stock Ownership Guidelines

We do not have any stock ownership guidelines for our executive officers. However, all of our executive officers are major shareholders in the Company, and all have substantial holdings of outstanding stock. In addition, the special equity retention awards that have been granted to our executive officers require that the recipient retain the awarded shares for varying periods of time following vesting. The special five-year equity retention awards granted to Mr. Abramson and Mr. Rosenblatt are required to be retained by them after vesting for five years (in the case of the 2010 awards) or one year (in the case of the 2015 awards). The special retention awards granted to Dr. Brown are required to be retained by her for five years after vesting in the case of the one-year special equity retention award granted in 2011, two years after vesting in the case of the four-year special equity retention award granted in 2012, and one year after vesting in the case of the five-year special equity retention award granted in 2015. The special retention awards granted to Mr. Premutico are required to be retained by him for two years after vesting in the case of the five-year special equity retention award granted in 2012 and one year after vesting in the case of the four-year special equity retention award granted in 2015. The special retention awards granted to Ms. DuFour are required to be retained by her for five years after vesting in the case of the one-year special equity retention award granted in 2011, two years after vesting in the case of the four-year special equity retention award granted in 2012, and one year after vesting in the case of the five-year special equity retention award granted in 2015. We believe that the current holdings of our executive officers and the restrictions imposed on these special retention awards are sufficient to ensure that our executive officers remain committed to our Company and its business.

On December 15, 2011, the Board of Directors of the Company approved stock ownership guidelines for members of the Board who are not officers of the Company. These guidelines require such individuals to own a number of shares of the Company's common stock equal in value to ten (10) times their annual cash compensation for Board service, excluding additional compensation for Committee service or based on Board meeting attendance. Individuals are allowed five years from the date they are first elected to the Board to comply with these guidelines, and once an individual is determined to be in compliance with these guidelines, that individual will not be considered out of compliance with these guidelines at any future time due solely to a decrease in the share price of the Company's common stock since the last compliance measurement date.

Compliance with the stock ownership guidelines for these Board members is measured as of the first business day of each calendar year using (1) the highest closing price of the Company's common stock on the NASDAQ Global Market during the immediately preceding calendar year, and (2) the annual cash compensation to the individual for Board service for the immediately preceding calendar year. The highest closing price of the Company's common stock on the NASDAQ Global Market in 2015 was \$56.02 per share. The annual cash compensation to each member of the Board who is not an officer of the Company was \$40,000 for 2015. On this basis and consistent with the above policy, on the first business day of 2016 (January 4, 2016), each member of the Board who was required to own at least 7,141 shares of the Company's common stock did in fact own such shares.

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#### Recovery of Bonuses

Prior to 2013, because bonuses and other equity compensation awards to our executive officers were not based on any specific or measurable performance objectives, we did not have any formal "clawback" policy, as we did not believe that such a policy was appropriate. In 2015, the SEC issued proposed regulations regarding clawback policies in accordance with the requirements of the Dodd-Frank Act. We expect final rules to be adopted during 2016, and we will adopt appropriate policies when required in order to be fully compliant with the SEC regulations.

In 2013, the Company adopted a new AIP (short-term incentive plan), which provides that bonuses granted thereunder are subject to any applicable clawback or recoupment policy that may be adopted by the Board in the future.

#### Change in Control Payments

In April 2003, we entered into change in control agreements with our executive officers. These agreements were amended and restated in November 2008 in order to bring them into compliance with the strict timing and documentary requirements of Section 409A of the IRC and the regulations issued thereunder. Mr. Premutico entered into a change in control agreement on April 16, 2012 to enable him to receive change in control benefits commensurate with those offered to our other executive officers. Both the original agreements and the amended and restated agreements were approved by our Board of Directors.

The change in control agreements provide for certain cash payments and other benefits to our executive officers in the event that their employment is terminated or their responsibilities are substantially reduced, in connection with a change in control of the Company. We believe that these agreements help to reinforce and encourage the continued attention and dedication of our executive officers to the Company in the event they are asked to help facilitate a change in control.

Under the change in control agreements, our executive officers would receive benefits equal to two times their base salaries and annual bonuses, plus ancillary benefits relating to life and disability insurance, medical and dental coverage and employment outplacement services. The change in control agreements utilize a "double-trigger" mechanism because we believe that our executive officers should only receive these benefits if they suffer a reduction in employment status associated with a change in control. The agreements also include "gross-up" provisions that would compensate our executive officers for any taxes they might owe in connection with receipt of these benefits. We believe that the terms of the change in control agreements for our executive officers are reasonable and appropriate for a company with new and exciting technologies such as ours. More detailed information about these agreements and the specific benefits and compensation payable to our executive officers in connection with a change in control are set forth elsewhere in this proxy statement.

In addition, in the event of a change in control of the Company, each SERP participant will become immediately vested in his or her SERP benefit. Unless the participant's benefit has already fully vested, if the participant has less than 20 years of service at the time of the change in control, he or she will receive a prorated benefit based on his or her number of years of service (up to 20), divided by 20. If the change in control qualifies as a "change in control event" for purposes of Section 409A of the IRC, then each participant (including former employees who are entitled to SERP benefits) will receive a lump sum cash payment equal to the present value of the benefit immediately upon the change in control.

#### Tax Consequences of Our Compensation Program

##### Internal Revenue Code §162(m)

In determining the total compensation payable to our executive officers, we considered the potential impact of Section 162(m) of the IRC. Section 162(m) disallows any publicly-held corporation from taking a tax deduction for compensation in excess of \$1 million paid to its executive officers in any taxable year, unless that compensation is performance-based. Our policy is that executive compensation qualifies for deductibility under applicable tax laws to the extent consistent with our overall compensation objectives. We believe that, in certain circumstances, factors other than tax deductibility take precedence in determining the amount and form of compensation, and we retain the flexibility to authorize compensation that may not be deductible if we believe it is in the best interests of the Company. For 2015, the Compensation Committee has established a compensation plan that is performance-based relating to both short-term and long-term incentive programs with the intent to qualify for deductibility under applicable tax laws.

##### Internal Revenue Code §409A

Section 409A of the IRC provides that nonqualified deferred compensation benefits are includible in an employee's income when vested, unless certain requirements are met. If these requirements are not met, employees are also subject to an additional income tax and interest. Our compensation plans and arrangements are drafted to meet any applicable requirements of Section 409A. Change in control agreements with our executive officers were amended in November 2008 to ensure compliance with these requirements. The SERP, as adopted, is intended to comply with the requirements of Section 409A. As a result, all of our executive officers will be taxed when any deferred compensation is actually paid to them, and we will be entitled to a tax deduction at that time.

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## Internal Revenue Code §280G

Section 280G of the IRC disallows a company's tax deduction for "excess parachute payments." Additionally, Section 4999 of the IRC imposes a 20% excise tax on any person who receives excess parachute payments. Presently, all of our executive officers are entitled to payments upon the termination of their employment in connection with a change in control of the Company, some of which may qualify as "excess parachute payments." Accordingly, our tax deduction for any such excess parachute payments would be disallowed under Section 280G of the IRC. Moreover, we are required to make additional payments to these individuals to cover any excise taxes imposed on them by reason of the payments they receive in connection with a change in control. As previously indicated, we believe that this tax "gross-up" obligation is reasonable and appropriate given our current size and status.

## Summary Compensation Table

The following table provides information on the compensation of our Chief Executive Officer, our Chief Financial Officer, and our other three highest-paid executive officers for services in all capacities to the Company and its subsidiaries for 2015, 2014 and 2013. This group is referred to in this proxy statement as the "Named Executive Officers."

Name and Principal Position	Year	Salary (\$)	Bonus (\$) <sup>(1)</sup>	Stock Awards (\$)	Option Awards (\$)	Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Steven V. Abramson President and Chief Executive Officer	2015	646,653	900,662	12,293,526 <sup>(2)</sup>	—	5,996,691 <sup>(3)</sup>	29,402 <sup>(4)</sup>	19,866,934
	2014	601,306	842,394	638,421 <sup>(5)</sup>	—	426,536 <sup>(6)</sup>	31,937 <sup>(7)</sup>	2,540,594
	2013	581,049	469,977	1,108,515 <sup>(8)</sup>	—	— <sup>(9)</sup>	30,145 <sup>(10)</sup>	2,189,686
Sidney D. Rosenblatt Executive Vice President and Chief Financial Officer	2015	646,653	900,662	12,293,526 <sup>(2)</sup>	—	3,724,348 <sup>(3)</sup>	35,229 <sup>(11)</sup>	17,600,418
	2014	601,306	842,394					