

May 9, 2011

Stock Rating:

PERFORM

12-18 mo. Price Target NA
 PANL - NASDAQ \$56.63

3-5 Yr. EPS Gr. Rate NA
 52-Wk Range \$63.58-\$12.28
 Shares Outstanding 45.4M
 Float 30.7M
 Market Capitalization \$2,568.9M
 Avg. Daily Trading Volume 877,880
 Dividend/Div Yield \$0.00/0.00%
 Fiscal Year Ends Dec
 Book Value \$7.89
 2011E ROE NA
 LT Debt \$0.0M
 Preferred \$0.0M
 Common Equity \$307M
 Convertible Available No

EPS Diluted	Q1	Q2	Q3	Q4	Year	Mult.
2008A	(0.12)	(0.15)	(0.15)	(0.12)	(0.53)	NM
2009A	(0.15)	(0.18)	(0.13)	(0.10)	(0.56)	NM
2010A	(0.08)	(0.12)	(0.19)	(0.14)	0.53	NM
2011E	(0.31)A	(0.06)	(0.03)	0.05	(0.32)	NM
Prior (E)	(0.04)	(0.04)	(0.02)	0.06	(0.03)	NM

TECHNOLOGY/APPLIED TECHNOLOGY

Universal Display Corp.

Momentum Strong, If Slightly Choppy

SUMMARY

UDC Commercial sales continued to show very strong growth during 1Q11, again underscoring the aggressive OLED ramp at Samsung, the world's largest panel maker. Sales of Developmental Chemicals, which are inherently lumpy and difficult to model, also showed strong YoY growth, but fell slightly short of expectations and led to a slight overall revenue miss. While the shortfall could put PANL under a bit of pressure tomorrow, we suspect any headwind will be temporary. The basic story of OLED adoption does not appear in the least impaired.

KEY POINTS

- 1Q sales of \$9.6M (up 126% YoY) beat our \$9.3M estimate on strong Commercial Royalty & License fees but were below the Street's \$10.4M. EPS of (\$0.31) were short of our (\$0.04) and the Street's (\$0.03) estimate on non-cash stock warrant expenses of \$0.23 and higher than expected opex.
- Within the core Commercial segment, the upside came mainly from Royalty/License sales, which grew 193% YoY to \$2.7M. Commercial Chemical sales of \$1.9M fell short of our \$2.2M estimate. Our intuition last quarter was that Samsung had over-purchased chemicals in 4Q10; the soft chemical sales in 1Q11 appear to bear that out.
- Developmental revenue, a good leading indicator of OLED panel production ramps, was \$4.9M. While just shy of our \$5M estimate, the 100% YoY growth is the latest indication that LGD is preparing to ramp and, like Samsung, is putting significant effort into evolving its OLED manufacturing capabilities.
- UDC didn't have an update on its royalty negotiation with Samsung, whose prior long-term deal ended in June 2010. The outcome of that negotiation will be very significant. Besides setting the economic terms for PANL's only current commercial relationship, the new contract will likely establish a template for deals with other panel makers.
- We are nudging our revenue estimates to reflect upside in the quarter, but our EPS estimates decreased on the higher opex. Our FY11E goes to \$46.2M/(\$0.32) from \$45.4M/(\$0.03). Excluding the 1Q11 warrant expenses, our FY11 EPS would be (\$0.09).

Stock Price Performance



Company Description

UDC develops organic light-emitting diode (OLED) technology and materials. It primarily sells OLED materials and licenses its technologies to manufacturers of OLED-based displays, which are used in mobile handsets, MP3 players, laptop computers and TVs.

Oppenheimer & Co. Inc. does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. See "Important Disclosures and Certifications" section at the end of this report for important disclosures, including potential conflicts of interest. See "Price Target Calculation" and "Key Risks to Price Target" sections at the end of this report, where applicable.

Michael Suh
 212-667-6035
 Michael.Suh@opco.com

Universal Display Corporation

Quarterly Consolidated Statement of Income Statement

(\$ thousand, except per share data)

	FY	1Q10A	2Q10A	3Q10A	4Q10A	FY	1Q11A	2Q11E	3Q11E	4Q11E	FY
	2009A	Mar-10	Jun-10	Sep-10	Dec-10	2010A	Mar-11	Jun-11	Sep-11	Dec-11	2011E
Commercial	6,118	1,830	1,952	2,837	4,511	11,129	4,744	5,573	7,891	12,163	30,371
Developmental	9,669	2,417	6,495	4,219	6,284	19,415	4,856	4,183	3,381	3,381	15,801
Net Sales	\$15,787	\$4,247	\$8,447	\$7,056	\$10,795	\$30,544	\$9,601	\$9,756	\$11,272	\$15,544	\$46,172
Cost of Chemicals	1,481	461	1,017	1,258	241	2,977	103	194	353	547	1,196
Gross Profit	\$14,305	\$3,786	\$7,429	\$5,797	\$10,554	\$27,567	\$9,498	\$9,562	\$10,919	\$14,997	\$44,976
R&D	23,255	5,248	5,545	6,009	7,074	23,876	8,168	8,175	8,184	8,192	32,719
G&A	10,922	2,642	3,625	3,453	3,322	13,041	3,872	3,873	3,878	3,886	15,509
Royalty and License	395	120	169	218	369	876	202	205	214	218	838
Total Operating Expenses	34,572	8,010	9,339	9,680	10,764	37,793	12,242	12,253	12,275	12,295	49,066
Operating Income	(\$20,267)	(\$4,224)	(\$1,909)	(\$3,883)	(\$210)	(\$10,226)	(\$2,744)	(\$2,691)	(\$1,356)	\$2,702	(\$4,090)
Interest Income	670	76	61	64	78	279	95	325	324	324	1,068
Interest Expense	(7)	(7)	(6)	(6)	(9)	(28)	(10)	(10)	(10)	(10)	(40)
Other Revenue	(1,031)	713	(2,582)	(3,362)	(4,845)	(10,077)	(8,926)				(8,926)
Other Income	(\$368)	\$782	(\$2,527)	(\$3,304)	(\$4,776)	(\$9,825)	(\$8,840)	\$315	\$314	\$314	(\$7,898)
Income Before Taxes	(\$20,635)	(\$3,442)	(\$4,436)	(\$7,187)	(\$4,987)	(\$20,052)	(\$11,584)	(\$2,376)	(\$1,042)	\$3,015	(\$11,988)
Taxes on Income (benefit)	(130)	(464)	0	0	330	(134)	296	341	395	700	1,733
Deemed Dividends											
GAAP Net Income	(\$20,505)	(\$2,978)	(\$4,436)	(\$7,187)	(\$5,316)	(\$19,917)	(\$11,881)	(\$2,717)	(\$1,438)	\$2,315	(\$13,720)
Diluted EPS	(\$0.56)	(\$0.08)	(\$0.12)	(\$0.19)	(\$0.14)	(\$0.53)	(\$0.31)	(\$0.06)	(\$0.03)	\$0.05	(\$0.32)
Diluted Shares	36,479	37,029	37,362	37,741	38,112	37,561	38,896	43,735	44,173	44,615	42,855

Source: Company Data, Oppenheimer & Co. Inc. Estimates.

Universal Display Corporation

Margin and Growth Metrics

	FY	1Q10A	2Q10A	3Q10A	4Q10A	FY	1Q11A	2Q11E	3Q11E	4Q11E	FY
	2009A	Mar-10	Jun-10	Sep-10	Dec-10	2010A	Mar-11	Jun-11	Sep-11	Dec-11	2011E
Gross Margin	73.9%	73.7%	72.8%	71.5%	90.6%	82.7%	94.5%	92.0%	92.0%	92.0%	92.3%
R&D	147.3%	123.6%	65.7%	85.2%	65.5%	78.2%	85.1%	83.8%	72.6%	52.7%	70.9%
G&A	69.2%	62.2%	42.9%	48.9%	30.8%	42.7%	40.3%	39.7%	34.4%	25.0%	33.6%
Royalty and License	2.5%	2.8%	2.0%	3.1%	3.4%	2.9%	2.1%	2.1%	1.9%	1.4%	1.8%
Operating Margin	-128.4%	-99.5%	-22.6%	-55.0%	-1.9%	-33.5%	-28.6%	-27.6%	-12.0%	17.4%	-8.9%
Effective Tax Rate	0.6%	13.5%	0.0%	0.0%	-6.6%	0.7%	-2.6%	-14.3%	-38.0%	23.2%	-14.5%
Net Income Margin	-129.9%	-70.1%	-52.5%	-101.9%	-49.2%	-65.2%	-123.8%	-27.9%	-12.8%	14.9%	-29.7%

Sequential Growth Rates

Revenue		-12.5%	98.9%	-16.5%	53.0%		-11.1%	1.6%	15.5%	37.9%
Gross Profit		-8.5%	96.2%	-22.0%	82.0%		-10.0%	0.7%	14.2%	37.3%
Operating Profit		n/a	n/a	n/a	n/a		n/a	n/a	n/a	n/a
Net Income		n/a	n/a	n/a	n/a		n/a	n/a	n/a	n/a
EPS		n/a	n/a	n/a	n/a		n/a	n/a	n/a	n/a

Year-on-Year Growth Rates

Revenue	42.5%	49.9%	185.7%	37.1%	122.5%	93.5%	126.1%	15.5%	59.8%	44.0%	51.2%
Gross Profit	40.8%	42.2%	181.6%	19.1%	155.2%	92.7%	150.9%	28.7%	88.3%	42.1%	63.2%
Operating Profit	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Net Income	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
EPS	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Source: Company data, Oppenheimer & Co. Inc. estimates

Universal Display Corporation

Segment Breakdown

(\$ thousand, except per share data)

	FY	1Q10A	2Q10A	3Q10A	4Q10A	FY	1Q11A	2Q11E	3Q11E	4Q11E	FY
	2009A	Mar-10	Jun-10	Sep-10	Dec-10	2010A	Mar-11	Jun-11	Sep-11	Dec-11	2011E
Commercial Revenue	6,118	1,830	1,952	2,837	4,511	11,129	4,744	5,573	7,891	12,163	30,371
% of total	39%	43%	23%	40%	42%	36%	49%	57%	70%	78%	66%
QoQ growth		-3%	7%	45%	59%		5%	17%	42%	54%	
YoY growth	9%	34%	58%	75%	139%	82%	159%	186%	178%	170%	173%
Commercial Chemical	2,770	728	841	1,643	2,558	5,770	1,864	2,424	4,411	6,838	15,537
% of total	18%	17%	10%	23%	24%	19%	19%	25%	39%	44%	34%
QoQ growth		3%	15%	95%	56%		-27%	30%	82%	55%	
YoY growth	-26%	6%	48%	103%	262%	108%	156%	188%	169%	167%	169%
Royalty and License	2,656	911	920	1,055	1,814	4,698	2,669	2,938	3,269	5,114	13,990
% of total	17%	21%	11%	15%	17%	15%	28%	30%	29%	33%	30%
QoQ growth		-8%	1%	15%	72%		47%	10%	11%	56%	
YoY growth	55%	76%	83%	63%	83%	77%	193%	220%	210%	182%	198%
Commercialization Assistan	692	191	191	139	139	661	211	211	211	211	844
% of total	4%	5%	2%	2%	1%	2%	2%	0%	0%	0%	2%
QoQ growth		0%	0%	-27%	0%		51%	0%	0%	0%	
YoY growth	315%	15%	15%	-16%	-27%	-4%	10%	10%	51%	51%	28%
Developmental Revenue	9,669	2,417	6,495	4,219	6,284	19,415	4,856	4,183	3,381	3,381	15,801
% of total	61%	57%	77%	60%	58%	64%	51%	43%	30%	22%	34%
QoQ growth		-18%	169%	-35%	49%		-23%	-14%	-19%	0%	
YoY growth	78%	65%	278%	20%	112%	101%	101%	-36%	-20%	-46%	-19%
Contract Research	4,373	1,132	1,242	1,289	1,340	5,003	1,925	1,251	1,251	1,251	5,678
% of total	28%	27%	15%	18%	12%	16%	20%	13%	11%	8%	12%
QoQ growth		-22%	10%	4%	4%		44%	-35%	0%	0%	
YoY growth	55%	26%	37%	15%	-7%	14%	70%	1%	-3%	-7%	13%
Development Chemical	2,899	1,026	2,899	2,767	4,773	11,464	2,673	2,673	1,871	1,871	9,087
% of total	18%	24%	34%	39%	44%	38%	28%	27%	17%	12%	20%
QoQ growth		-19%	182%	-5%	73%		-44%	0%	-30%	0%	
YoY growth	42%	266%	362%	286%	275%	295%	160%	-8%	-32%	-61%	-21%
Technology Development	2,396	258	2,355	164	171	2,948	259	259	259	259	1,037
% of total	15%	6%	28%	2%	2%	10%	3%	3%	2%	2%	2%
QoQ growth		6%	811%	-93%	5%		51%	0%	0%	0%	
YoY growth	312%	-11%	1198%	-90%	-30%	23%	0%	-89%	58%	51%	-65%

Source: Company data, Oppenheimer & Co. Inc. estimates

Universal Display Corporation

Balance Sheet

(\$ thousand, except per share data)

	FY	1Q10A	2Q10A	3Q10A	4Q10A	FY	1Q11A	2Q11E	3Q11E	4Q11E	FY
	2009A	Mar-10	Jun-10	Sep-10	Dec-10	2010A	Mar-11	Jun-11	Sep-11	Dec-11	2011E
Assets											
Cash & Cash Equivalents	\$22,701	\$7,554	\$11,754	\$8,203	\$20,369	\$20,369	\$258,106	\$257,226	\$256,836	\$258,512	\$258,512
Short-term investments	41,173	55,467	54,339	56,804	52,795	52,795	66,820	66,820	66,820	66,820	66,820
Accounts Receivable	3,344	2,399	3,885	4,696	7,248	7,248	5,985	6,082	7,028	9,691	9,691
Inventories, net	1	0	0	0	0	0	0	0	0	0	0
Other current assets	411	373	456	624	1,988	1,988	1,683	1,684	1,686	1,689	1,689
Total Current Assets	\$67,630	\$65,793	\$70,434	\$70,328	\$82,400	\$82,400	\$332,594	\$331,811	\$332,369	\$336,712	\$336,712
Property & Equipment, Net	\$11,049	\$10,625	\$10,248	\$9,938	\$9,711	\$9,711	\$9,815	\$10,193	\$10,556	\$10,906	\$10,906
Acquired technology, net	1,234	811	387	0	0	0	435	435	435	435	435
Other assets	227	246	271	266	217	217	332	330	327	325	325
Total Assets	\$80,140	\$77,474	\$81,340	\$80,532	\$92,327	\$92,327	\$343,176	\$342,769	\$343,687	\$348,378	\$348,378
Liabilities and Equity											
Accounts Payable	\$1,276	\$1,621	\$1,747	\$1,598	\$2,155	\$2,155	\$2,278	\$2,297	\$2,330	\$2,369	\$2,369
Other accrued expenses	5,239	3,471	4,379	5,739	6,906	6,906	4,969	5,010	5,083	5,169	5,169
Deferred license fees	6,047	6,179	4,028	4,028	4,028	4,028	0	0	0	0	0
Deferred revenue	1,404	1,042	865	344	1,295	1,295	5,081	5,081	5,081	5,081	5,081
Stock warrant liability			5,807	8,952	10,660	10,660	13,110	13,110	13,110	13,110	13,110
Total Current Liabilities	\$13,966	\$12,312	\$16,826	\$20,660	\$25,045	\$25,045	\$25,437	\$25,498	\$25,604	\$25,730	\$25,730
Deferred license fees	2,826	3,271	3,106	2,940	2,775	2,775	3,612	3,612	3,612	3,612	3,612
Deferred revenue	0	0	0	0	0	0	0	0	0	0	0
Other	3,720	3,007	5,589	6,003	7,078	7,078	7,310	7,310	7,310	7,310	7,310
Stockholder's Equity	\$59,628	\$58,883	\$55,819	\$50,928	\$57,430	\$57,430	\$306,817	\$306,349	\$307,162	\$311,727	\$311,727
Total Liabilities and Equity	\$80,140	\$77,474	\$81,340	\$80,532	\$92,327	\$92,327	\$343,176	\$342,769	\$343,687	\$348,378	\$348,378

Source: Company Data, Oppenheimer & Co. Inc. Estimates.

Universal Display Corporation

Cash Flow Statement

(\$ thousand, except per share data)

	FY 2009A	1Q10A Mar-10	2Q10A Jun-10	3Q10A Sep-10	4Q10A Dec-10	FY 2010A	1Q11A Mar-11	2Q11E Jun-11	3Q11E Sep-11	4Q11E Dec-11	FY 2011E
Cash Flow from Operations											
Net income	(\$20,505)	(\$2,978)	(\$4,436)	(\$7,187)	(\$5,316)	(\$19,917)	(\$11,881)	(\$2,717)	(\$1,438)	\$2,315	(\$13,720)
Adjustments:											
Depreciation	2,070	514	431	384	378	1,707	372	372	386	400	1,530
Amortization of intangibles	1,695	424	424	387	-	1,234	5	-	-	-	5
Amortization of investments	(426)	(44)	(37)	(42)	(51)	(173)	(64)	-	-	-	(64)
Amortization of deferred revenue							(705)				(705)
Stock compensation	3,919	654	966	987	3,327	5,934	10,495	750	750	750	12,745
Non-cash expense under dt	1,170	243	314	339	277	1,173	9				9
Other	(2,955)	(713)	(729)	3,705	3,950	6,213	382				382
Changes in op. assets/liabilities:											
Accounts receivable	(894)	945	(1,486)	(811)	(2,552)	(3,904)	1,262	(97)	(945)	(2,663)	(2,443)
Inventories	2	-	-	-	-	-	-	-	-	-	-
Other current assets	52	39	(83)	(168)	(1,364)	(1,577)	305	(0)	(2)	(4)	299
Other assets	(158)	(18)	(25)	5	50	11	(116)	3	3	3	(108)
Accounts payable	(211)	278	1,186	871	53	2,388	253	\$19	\$33	\$39	345
Deferred license fees	-	800	-	(165)	158	792	-	41	73	86	200
Deferred revenue	1,632	(586)	1,161	(521)	1,865	1,919	1,300	-	-	-	1,300
Net cash from operations	(\$14,610)	(\$443)	(\$2,315)	(\$2,216)	\$774	(\$4,200)	\$1,617	(\$1,630)	(\$1,140)	\$927	(\$226)
Cash Flow from Investing Activities											
Purchases of property and eq	(\$259)	(\$89)	(\$55)	(\$74)	(\$151)	(\$369)	(\$475)	(\$750)	(\$750)	(\$750)	(\$2,725)
Purchase of intangibles							(\$440)				(440)
Purchase of marketable securi	(61,345)	(35,224)	(16,686)	(20,062)	(19,421)	(91,394)	(37,346)	-	-	-	(37,346)
Redemption of marketable sec	69,630	20,940	17,845	17,670	23,478	79,933	23,396	-	-	-	23,396
Net CF from Investing	\$8,026	(\$14,374)	\$1,104	(\$2,466)	\$3,906	(\$11,830)	(\$14,865)	(\$750)	(\$750)	(\$750)	(\$17,115)
Cash Flow from Financing Activities											
Common stock issues	130	63	67	62	54	246	249,803	-	-	-	249,803
Exercise of options and warrar	834	(394)	5,345	1,069	7,432	13,452	1,182	1,500	1,500	1,500	5,682
Net Cash Flow from Financir	964	(331)	5,412	1,130	7,486	13,698	250,985	1,500	1,500	1,500	255,485
Net Change in Cash Equivaler	(\$5,620)	(\$15,147)	\$4,201	(\$3,552)	\$12,166	(\$2,332)	\$237,737	(\$880)	(\$390)	\$1,677	\$238,144
Cash & Equivalents at Start of	28,322	22,701	7,554	11,754	8,203	22,701	20,369	258,106	257,226	256,836	20,369
Cash & Equivalents at End of I	22,701	7,554	11,754	8,203	20,369	20,369	258,106	257,226	256,836	258,512	258,512
Free Cash Flow	(\$14,869)	(\$532)	(\$2,370)	(\$2,290)	\$623	(\$4,569)	\$1,142	(\$2,380)	(\$1,890)	\$177	(\$2,951)
Change in Cash and Near Ec	(\$13,580)	(\$853)	\$3,072	(\$1,086)	\$8,156	\$9,289	\$251,762	(\$880)	(\$390)	\$1,677	\$252,169
Cash and Near Equivalent at E	77,454	63,874	63,021	66,093	65,007	63,874	73,163	324,925	324,045	323,655	73,163
Cash and Near Equivalent at	\$63,874	\$63,021	\$66,093	\$65,007	\$73,163	\$73,163	\$324,925	\$324,045	\$323,655	\$325,332	\$325,332

Source: Company Data, Oppenheimer & Co. Inc. Estimates.

Universal Display Corporation

Consolidated Ratios

	FY 2009A	1Q10A Mar-10	2Q10A Jun-10	3Q10A Sep-10	4Q10A Dec-10	FY 2010A	1Q11A Mar-11	2Q11E Jun-11	3Q11E Sep-11	4Q11E Dec-11	FY 2011E
Profitability Ratios											
Annualized Return On Equity	-34.4%	-20.2%	-31.8%	-56.4%	-37.0%	-34.7%	-15.5%	-3.5%	-1.9%	3.0%	-4.4%
Annualized Return On Assets	-25.6%	-15.4%	-21.8%	-35.7%	-23.0%	-21.6%	-13.8%	-3.2%	-1.7%	2.7%	-3.9%
Annualized Return On Net Assets	-25.6%	-15.4%	-21.8%	-35.7%	-23.0%	-21.6%	-13.8%	-3.2%	-1.7%	2.7%	-3.9%
Efficiency Ratios											
A/R Days Sales Outstanding	77.3	50.8	41.4	59.9	60.4	86.6	56.1	56.1	56.1	56.1	76.6
A/P Days Sales Outstanding	314.7	317.0	154.6	114.3	805.5	264.3	1996.7	1065.9	594.2	389.9	722.8
Inventory Turns	2311.1	18687.4	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Days of Inventory	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Liquidity Ratios											
Current Ratio	4.8	5.3	4.2	3.4	3.3	3.3	13.1	13.0	13.0	13.1	13.1
Quick Ratio	4.8	5.3	4.2	3.4	3.3	3.3	13.1	13.0	13.0	13.1	13.1
Net Working Capital	\$53,664	\$53,481	\$53,608	\$49,667	\$57,355	\$57,355	\$307,156	\$306,313	\$306,765	\$310,982	\$310,982
Cash											
Net Cash Per Share	\$1.75	\$1.70	\$1.77	\$1.72	\$1.92	\$1.95	\$8.35	\$7.41	\$7.33	\$7.29	\$7.59

Source: Company Data, Oppenheimer & Co. Inc. Estimates.

Investment Thesis

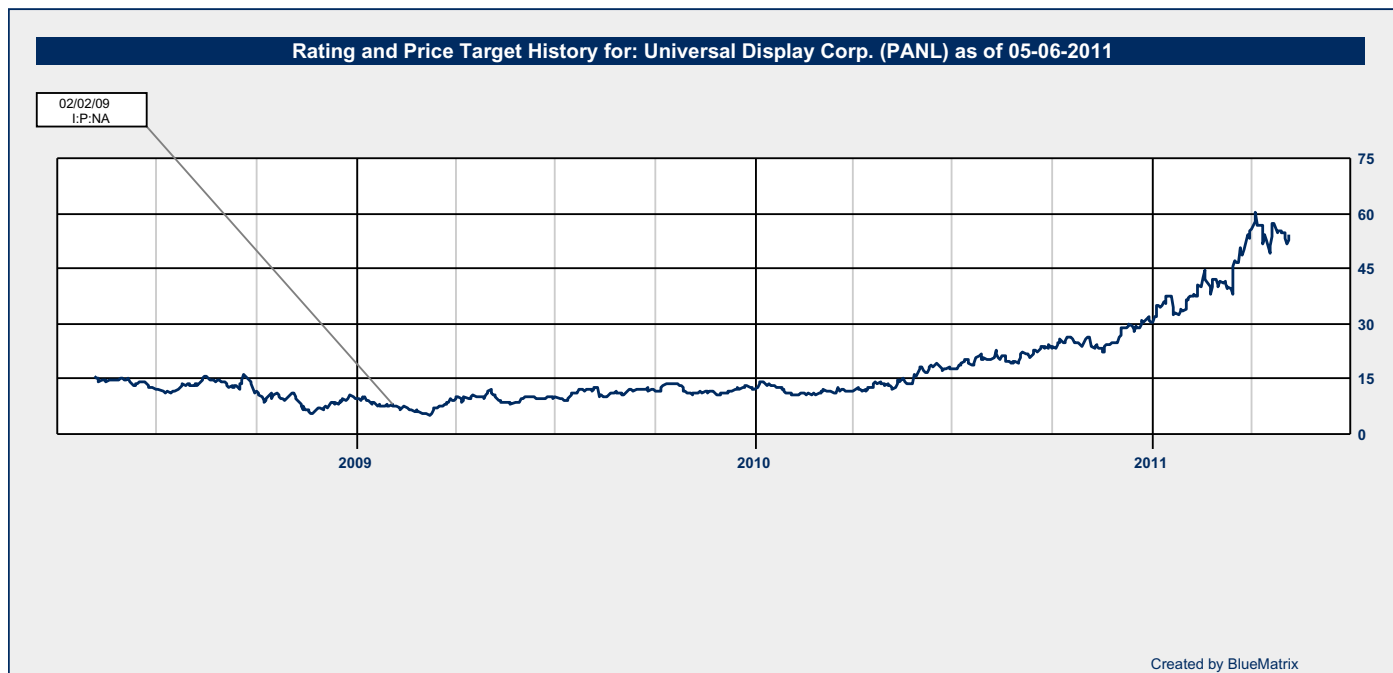
Universal Display is a key material and IP supplier of OLED technology, which is attempting to gain share against LCD-based displays (an \$80 billion industry). In theory, OLEDs offer several advantages relative to LCDs, including better image quality, better energy efficiency, a thinner form factor, and the prospect of a lower bill of materials once the industry reaches scale. But a number of technological hurdles remain, as OLED panel production is expensive and difficult to scale; OLED lifetimes are too short; and LCD image quality and cost continue to improve. Pending visibility into the possible resolution of these hurdles, and PANL's royalty negotiations with its key customer (Samsung SMD), we remain on the sidelines.

Important Disclosures and Certifications

Analyst Certification - The author certifies that this research report accurately states his/her personal views about the subject securities, which are reflected in the ratings as well as in the substance of this report. The author certifies that no part of his/her compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this research report.

Potential Conflicts of Interest:

Equity research analysts employed by Oppenheimer & Co. Inc. are compensated from revenues generated by the firm including the Oppenheimer & Co. Inc. Investment Banking Department. Research analysts do not receive compensation based upon revenues from specific investment banking transactions. Oppenheimer & Co. Inc. generally prohibits any research analyst and any member of his or her household from executing trades in the securities of a company that such research analyst covers. Additionally, Oppenheimer & Co. Inc. generally prohibits any research analyst from serving as an officer, director or advisory board member of a company that such analyst covers. In addition to 1% ownership positions in covered companies that are required to be specifically disclosed in this report, Oppenheimer & Co. Inc. may have a long position of less than 1% or a short position or deal as principal in the securities discussed herein, related securities or in options, futures or other derivative instruments based thereon. Recipients of this report are advised that any or all of the foregoing arrangements, as well as more specific disclosures set forth below, may at times give rise to potential conflicts of interest.



All price targets displayed in the chart above are for a 12- to- 18-month period. Prior to March 30, 2004, Oppenheimer & Co. Inc. used 6-, 12-, 12- to 18-, and 12- to 24-month price targets and ranges. For more information about target price histories, please write to Oppenheimer & Co. Inc., 300 Madison Avenue, New York, NY 10017, Attention: Equity Research Department, Business Manager.

Oppenheimer & Co. Inc. Rating System as of January 14th, 2008:

Outperform(O) - Stock expected to outperform the S&P 500 within the next 12-18 months.

Perform (P) - Stock expected to perform in line with the S&P 500 within the next 12-18 months.

Underperform (U) - Stock expected to underperform the S&P 500 within the next 12-18 months.

Not Rated (NR) - Oppenheimer & Co. Inc. does not maintain coverage of the stock or is restricted from doing so due to a potential conflict of interest.

Oppenheimer & Co. Inc. Rating System prior to January 14th, 2008:

Buy - anticipates appreciation of 10% or more within the next 12 months, and/or a total return of 10% including dividend payments, and/or the ability of the shares to perform better than the leading stock market averages or stocks within its particular industry sector.

Neutral - anticipates that the shares will trade at or near their current price and generally in line with the leading market averages due to a perceived absence of strong dynamics that would cause volatility either to the upside or downside, and/or will perform less well than higher rated companies within its peer group. Our readers should be aware that when a rating change occurs to Neutral from Buy, aggressive trading accounts might decide to liquidate their positions to employ the funds elsewhere.

Sell - anticipates that the shares will depreciate 10% or more in price within the next 12 months, due to fundamental weakness perceived in the company or for valuation reasons, or are expected to perform significantly worse than equities within the peer group.

Rating	Count	IB Serv/Past 12 Mos.	
		Percent	Count
OUTPERFORM [O]	302	54.40	133
PERFORM [P]	244	44.00	78
UNDERPERFORM [U]	9	1.60	1

Although the investment recommendations within the three-tiered, relative stock rating system utilized by Oppenheimer & Co. Inc. do not correlate to buy, hold and sell recommendations, for the purposes of complying with FINRA rules, Oppenheimer & Co. Inc. has assigned buy ratings to securities rated Outperform, hold ratings to securities rated Perform, and sell ratings to securities rated Underperform.

Company Specific Disclosures

In the past 12 months Oppenheimer & Co. Inc. has provided investment banking services for PANL.

Oppenheimer & Co. Inc. expects to receive or intends to seek compensation for investment banking services in the next 3 months from PANL.

In the past 12 months Oppenheimer & Co. Inc. has managed or co-managed a public offering of securities for PANL.

In the past 12 months Oppenheimer & Co. Inc. has received compensation for investment banking services from PANL.

Oppenheimer & Co. Inc. makes a market in the securities of PANL.

Additional Information Available

Please log on to <http://www.opco.com> or write to Oppenheimer & Co. Inc., 300 Madison Avenue, New York, NY 10017, Attention: Equity Research Department, Business Manager.

Other Disclosures

This report is issued and approved for distribution by Oppenheimer & Co. Inc. Oppenheimer & Co. Inc. transacts Business on all Principal Exchanges and Member SIPC. This report is provided, for informational purposes only, to institutional and retail investor clients of Oppenheimer & Co. Inc. and does not constitute an offer or solicitation to buy or sell any securities discussed herein in any jurisdiction where such offer or solicitation would be prohibited. The securities mentioned in this report may not be suitable for all types of investors. This report does not take into account the investment objectives, financial situation or specific needs of any particular client of Oppenheimer & Co. Inc. Recipients should consider this report as only a single factor in making an investment decision and should not rely solely on investment recommendations contained herein, if any, as a substitution for the exercise of independent judgment of the merits and risks of investments. The analyst writing the report is not a person or company with actual, implied or apparent authority to act on behalf of any issuer mentioned in the report. Before making an investment decision with respect to any security recommended in this report, the recipient should consider whether such recommendation is appropriate given the recipient's particular investment needs, objectives and financial circumstances. We recommend that investors independently evaluate particular investments and strategies, and encourage investors to seek the advice of a financial advisor. Oppenheimer & Co. Inc. will not treat non-client recipients as its clients solely by virtue of their receiving this report. Past performance is not a guarantee of future results, and no representation or warranty, express or implied, is made regarding future performance of any security mentioned in this report. The price of the securities mentioned in this report and the income they produce may fluctuate and/or be adversely affected by exchange rates, and investors may realize losses on investments in such securities, including the loss of investment principal. Oppenheimer & Co. Inc. accepts no liability for any loss arising from the use of information contained in this report, except to the extent that liability may arise under specific statutes or regulations applicable to Oppenheimer & Co. Inc. All information, opinions and statistical data contained in this report were obtained or derived from public sources believed to be reliable, but Oppenheimer & Co. Inc. does not represent that any such information, opinion or statistical data is accurate or complete (with the exception of information contained in the Important Disclosures section of this report provided by Oppenheimer & Co. Inc. or individual research analysts), and they should not be relied upon as such. All estimates, opinions and recommendations expressed herein constitute judgments as of the date of this report and are subject to change without notice. Nothing in this report constitutes legal, accounting or tax advice. Since the levels and bases of taxation can change, any reference in this report to the impact of taxation should not be construed as offering tax advice on the tax consequences of investments. As with any investment having potential tax implications, clients should consult with their own independent tax adviser. This report may provide addresses of, or contain hyperlinks to, Internet web sites. Oppenheimer & Co. Inc. has not reviewed the linked Internet web site of any third party and takes no responsibility for the contents thereof. Each such address or hyperlink is provided solely for the recipient's convenience and information, and the content of linked third party web sites is not in any way incorporated into this document. Recipients who choose to access such third-party web sites or follow such hyperlinks do so at their own risk.

This report or any portion hereof may not be reprinted, sold, or redistributed without the written consent of Oppenheimer & Co. Inc. Copyright © Oppenheimer & Co. Inc. 2011.