

THE WALL STREET TRANSCRIPT

Questioning Market Leaders For Long Term Investors

UniPixel, Inc. (UNXL)



REED J. KILLION, President and Chief Executive Officer of UniPixel, Inc., has served in executive roles in the high technology sector over the last 15 years. He was UniPixel's Executive Vice President of Business Development from 2002 to 2004 and has been a member of its Board of Directors since April 2002. Prior to joining UniPixel, Mr. Killion was President of Transition Marketing and Vice President of Business Development of LogiCom from 1999 until 2002. The executive level positions held by Mr. Killion include Sales and Marketing, Technology Development, Supply Chain Logistics and Operations. Compaq/HP, Dell, Digital Equipment Corp (DEC), Siemens, NVIDIA, Atmel, Foxconn, Seiko (SMOS) and DCM Technologies are among the companies Mr. Killion has worked with and consulted with over the years. Mr. Killion holds a Bachelor's degree in Finance from the University of Mississippi and is a Trustee and Director of The Texas A&M Research Foundation. He also serves as the Chairman Of The Board for Animal Innovations, Inc.

TWST: We'd like to begin with a brief historical sketch of the company and a picture of the things you are doing at the present time.

Mr. Killion: UniPixel is a publicly traded company under the symbol UNXL. We were founded in 2001, but the first significant funding the company received was in January 2005 when we became a publicly traded company. We started from a concept and a patented idea called TMOS (short for "Time Multiplexed Optical Shutter") at the beginning of 2005. Over the last three and a half years we have designed, patented and produced proof of concept and functional TMOS displays. During the course of our TMOS development, we designed, patented and produced Opcuity™ performance engineered films that are the key element of TMOS. Our breakthrough work on Opcuity films has led to a family of products, the first of which will enter the market with the commercial introduction of our Opcuity FPR (finger print resistant) film technology in 2009. Our business model is to license our TMOS display technology to current LCD panel manufacturers and to manufacture our Opcuity performance engineered films for use in TMOS displays. The Opcuity family of films will support TMOS

display technology and our Opcuity finger print resistant film will provide a variety of touch screen applications with a protective finger print resistant cover film.

The opportunity for UniPixel is to transition our TMOS display technology into the LCD display market, which is estimated to be \$128.6 billion by the year 2010. These markets include everything from mobile phones, cameras, GPS, games, computers, TV and active signage. By licensing TMOS technology for production to an established LCD producer, we create a market for our Opcuity film for TMOS. The markets for our other Opcuity performance engineered films are also large and growing, with the touch screen display market projected to reach 833 million units by 2013. Furthermore, touch screen displays will be the first commercial market we will be selling product in.

TWST: Would you explain these technologies in layman's terms?

Mr. Killion: In layman's terms, we've developed a new display technology that will enable LCD panel manufacturers to produce a lower cost, higher performance display than their current LCD technology allows within their current manufacturing infrastructure. The TMOS

manufacturing process would actually fit in a subset of the current LCD manufacturing infrastructure that is already in place. For reference, 70% of the cost of an LCD panel is in the bill of materials. By transitioning from an LCD manufacturing process to a TMOS manufacturing process, an LCD panel manufacturer could save 40% to 60% on the bill of materials, depending on the size of the display. In the current \$100 billion display market, savings could equate to \$28 billion to \$42 billion on the bill of materials alone across the LCD display industry.

TWST: Is this technology fully mature at this time?

Mr. Killion: We're transitioning from a development stage company and moving toward commercialization. Our Opcuity FPR film is maturing rapidly. We have filed IP around the film and anticipate Opcuity FPR film production revenues by June 2009. UniPixel has also developed proof of concept and functional TMOS prototypes, and we are in discussions with several LCD panel manufacturers about joint development projects and the move toward TMOS display commercialization. We've taken this technology further and faster on less capital than probably any other display technology before us. If you look at the history of OLED, LCD and plasma display technologies, it took many, many years to bring those technologies to fruition. It took huge infrastructures, large companies, billions of dollars and it was a challenge. If you remember, many industry experts had predicted that we would be hanging LCDs on our walls 15 years ago. Our TMOS display technology is unique in the fact that it utilizes existing materials, existing infrastructure and existing processes — eliminating the need to build new factories and create new processes. In addition, the adoption curve for this technology, can be much more dramatic and steeper than those other display technologies I mentioned previously.

TWST: All of this suggests a pretty serious commitment to R&D.

Mr. Killion: The R&D work has proven successful; we have taken much of the "R" out of R&D. UniPixel is focused on optimization of specific sub-systems and film processing capabilities. I am very proud of the work and results our innovative team has delivered over the last three-and-a-half to four years. We've taken TMOS from a PowerPoint presentation to actual functioning displays in the lab that perform as our predictive models suggest. We have a pixel response time that's 1,000 times faster than that of an LCD. We are much more energy efficient, based on the fact that we're about 13 times more optically efficient than LCDs and that equates directly to power. In specific applications, we project to be 6 to 10 times more power efficient than LCDs.

TWST: What are the main items on your agenda as you look out over the next two to three years?

Mr. Killion: We will focus on generating revenue and becoming a cash flow positive company over the next year. The focus and our ability to execute will depend on establishing joint development agreements and relationships with the current LCD panel manufacturers. The Opcuity performance engineered film is another focal point of the company — one that initially will be focused on touch applications. The touch screen market is growing rapidly and, as I stated previously, is estimated by iSuppli to grow to about 883 million units by the year

2013. One of the biggest complaints that people have with respect to touch screens is the fingerprints and a dirty screen. Our Opcuity FPR film reduces visual deleterious effects caused by finger prints and smudge. We will focus on transitioning our film and master molds to contract film manufacturing partners to support the Opcuity performance engineered films. We have an MOU in place with a Japanese manufacturing partner and should have another manufacturing partner in place by the end of this year.

TWST: What about problems, challenges or obstacles? What might you worry about?

Mr. Killion: I think everyone is concerned about macroeconomic and current financial conditions that are causing slowdowns in economies around the world, but these are things that we cannot control. One of the benefits of the TMOS display technology and Opcuity film technology is increased performance metrics around visual and power levels. This gives the panel manufacturer and OEM integrator a differentiator on the performance side to increase demand for a certain product. The cost advantages associated with UniPixel's technologies should allow the LCD panel manufacturer and OEM to produce a better product, as well as increase margins and revenue. Traditionally during tight markets, manufacturers look to reduce overhead and increase operating margins, especially if they are losing money on their current product line or are running on extremely thin margins. We believe UniPixel offers a better way to build a display that should correspond to offering a better product. The things that we worry about are making sure that we protect our intellectual property and that we align with the right partners to move this technology into production. We're a small company, so we can't be all things to all people. Our focus will be on the companies that we believe can bring the most value to UniPixel. Once engaged, we must execute and move forward on delivering the value a TMOS ecosystem should provide to a large and growing display industry.

TWST: What would you reasonably expect the company to look like in about three years?

Mr. Killion: In three years, I believe that you'll see TMOS displays in niche applications and starting to ramp in volume applications such as mobile phones, smart phones and other mobile applications including notebooks. I think you'll certainly see a company that has the potential for hyper growth based on the fact that the adoption curve for TMOS display technology would not be limited to the creation of a new infrastructure from the ground up. We leverage a sub-set of the existing LCD display infrastructure. Our Opcuity performance engineered films will be a major part of UniPixel's business. Films for protective covers and finger print resistance, displays, solar, micro fluidics and medical applications that leverage UniPixel's optical design, micro mastering, micro patterning and polymer MEMs core competencies will fill out our film product offering.

TWST: What might be some year-by-year milestones that investors could look for?

Mr. Killion: As an investor, the first measurement criterion would be industry validation. I think you'll need to look for joint development agreements and supply contracts, things of that nature. An-

other area of interest should be UniPixel's ability to point to revenue and then deliver on the projection. Other metrics to be considered would be growth potential, revenue per employee, profitability, time to market and of course the over all value propositions based on sustainability and barriers to entry. UniPixel has done a great job regarding innovation and patent strategy to protect our intellectual property. Look for new patents to be issued and filed over the coming years.

TWST: What is your feeling about mergers and acquisitions or possibly being acquired?

Mr. Killion: Certainly we have to be concerned about mergers and acquisitions, but today, we are focused on continuing to build a solid foundation to support the growth of UniPixel. We believe we have a great technology, a great team and a future that looks to be very bright.

TWST: Would you tell us about your own background and expertise and the same for one or two of your colleagues?

Mr. Killion: My background is predominantly grounded in the high-tech sector. I have held executive positions in sales and marketing, research and development, and consulting. The areas within the high-tech sector I have experience in include semiconductors, supply chain logistics, as well as development of new technologies and bringing those technologies to market. I've been in the sector for over 20 years. I've worked with computer companies including Compaq/HP, Dell and IBM. I've worked with multi-national companies out of Taiwan, Korea, Japan and Europe in all facets to bring new products to market. I currently sit on The Texas A&M Research Foundation Board of Directors and I am the Chairman of the Board for Animal Innovations.

UniPixel has put together a great Board of Directors and we put it together based on the expectation that we will be a fast-growing company in the tech sector.

Bernie Marren is our current Chairman. Bernie was the founding President of the Semiconductor Association and also previously served as a Fairchild executive, the President and CEO of AMI, and Western Micro. He's currently the CEO of OPTi, Inc., a company that used to be in the chipset business but is now focused on the licensing of intellectual property.

Carl Yankowski is also a Board member. He was the CEO of Palm and helped guide them to their billion-dollar IPO. Before that, he was the President and COO of Sony America and CEO of Reebok Brand. He is the current CEO of Ambient Devices.

The newest member of the Board, Ross Young, is the VP of New Market Creation for Samsung, and was the Founder and President of Display Search, a leading market research company in the display industry.

Bruce Berkoff is the current Chairman of the LCD TV Association. He is the Chief Marketing Officer at Ascent Solar. He was the Chief Marketing Officer at LG.Philips LCD when they went public. He currently sits on the Board of Directors for LG Displays (formerly LG.Philips LCD), which is the second largest display manufacturer in the world, following Samsung, the number one volume display manufacturer in the world.

Rob Broggi is the Director of Technology Investments at Tudor and led our series B financing along with Mr. Victor Calaba who also sits on our Board from Tudor.

Our executive management team is exceptional. Jim Tassone serves as UniPixel's CFO. In addition to his strong financial background, Jim brings a background of primary research and also an entrepreneurial spirit in developing companies. He founded Mindwave Research and also worked with IBM and Comdisco.

Tod Cox is our VP of Engineering. Before joining UniPixel, he was the Director of Blade Server Engineering at Compaq and HP. He was responsible for taking the blade architecture from the white-board to production. He spent 13 years at Compaq/HP and excelled on the technical ladder as well as the managerial ladder while there.

Dan Van Ostrand is one of the Founders of UniPixel and is our VP of Research and Development. He has worked with Jet Propulsion Laboratory; Magnavox, Teledyne and Informatics General in management positions. He has also served in executive roles in several successful startups.

The newest member of the executive team is Dr. Bob Petcovich. Bob is our Vice President and General Manager of Opacity Films. Bob has a very strong background in technology development and executive management. He was the Senior VP and CTO of Lumera Corp. He has also been the Chairman, CEO and CTO of several advanced materials and medical informatics companies. He has an exceptional polymers background and we're lucky to have him on board.

TWST: As CEO, what occupies your own attention most on a day-by-day basis?

Mr. Killion: As the CEO of UniPixel, I split my time day by day on business and technology development, which sometimes ends up being night by night as well, taking up to 80% of my time. The remaining 20% is spent setting business, development and marketing strategy and execution of administrative tasks and compliance details.

TWST: What is your burn rate?

Mr. Killion: We have moved a large percentage of the development in-house to reduce our burn rate. We started this transition about a year ago. We acquired some new equipment to facilitate in-house assembly and development. By reducing our outside dependence on contractors, we were able to reduce our burn rate from \$1.5 million to \$2 million a quarter down to about \$1 million

TWST: Would you describe your investor base?

Mr. Killion: Tudor Investments did our Series B financing, Merrill Lynch did our Series C financing and we are spread out among our Series A investors through Fordham Financial Management. Most of the Series A investors are retail investors.

TWST: What would be the two or three best reasons for the long-term investor to look very closely at UniPixel?

Mr. Killion: I think the number one reason is the upside potential that we bring. We've created a significant amount of value through technology development and capturing the innovative ideas created at UniPixel via a strong patent portfolio strategy. We have a licensing model with a manufacturing component. Licensing models usually deliver high rates of return and are high margin businesses. The Opacity performance engineered films business is a design and manufacturing business that also allows for a good return on investment and high margins. We can

manufacture the film by the mile and sell it by the inch. Once we have production revenue, the revenue per UniPixel employee should look very good in comparison to competing companies. Our ability to leverage current infrastructure is a significant benefit with regard to capital expenditures and time to market. The upside for UniPixel is solid.

TWST: Do you think that your technology will be even more sophisticated in a few years than it is now?

Mr. Killion: Continuous optimization is something that we strive for when it comes to technology development. Our TMOS display technology will become more sophisticated over time, but should not become more complex to build.

TWST: Is there anything that you would like to add?

Mr. Killion: I think the number one reason an investor should look at UniPixel is for the potential upside and overall value proposition the company and technologies may offer in the future. We have a very strong IP position around our TMOS display technology and Opcuity performance engineered films. In the last three to four years we have had 32 patents issued. We have 85 patents that have been filed and we probably have another 50 or so patents in the queue, creating a very strong barrier to entry. UniPixel has assembled an outstanding Board of Directors and a proven executive management team. The \$100 billion plus FPD market continues to grow. The company's licensing and manufacturing business model requires low capital expenditures and offers high margin revenues in return. UniPixel's TMOS and Opcuity technologies offer better performance at a lower cost than incumbent technologies. Furthermore, they can be built utilizing a subset of the existing LCD display infrastructure, so no new cap ex investment is required.

TWST: Do you feel that you're more susceptible or less susceptible to the current economic situation than other companies that are comparable to yours?

Mr. Killion: I think that anybody in the display sector is going to be susceptible to global and macroeconomic conditions, but I believe that we have an advantage. We run very lean and have the opportunity to engage on multiple business and technology fronts. I think our technologies and management team give us a sustainable advantage moving forward. We have the ability to grow in a down market. We are moving from a development stage company to a company producing a commercial product and generating revenue. I believe 2009 is going to be a great year for UniPixel.

TWST: I understand that you have just 27 employees.

Mr. Killion: That is correct.

TWST: Will you be able to improve the top line without having to add too many people?

Mr. Killion: Our business and development models work in our favor with regard to staying relatively lean. I look forward to adding some additional people, but our ability to leverage existing materials, processes and infrastructure while maintaining a strong barrier to entry against competing technologies will continue to be one of UniPixel's strengths.

TWST: Is there anything else you'd like to add?

Mr. Killion: We could spend more time going over key financial indicators that you would incorporate when evaluating a business. Once we start generating revenue we can revisit specific ratios, such as the profitability ratios, return ratios, balance sheet ratios and gearing valuation, all of which come into play and will be solid indicators as to UniPixel's upside once we start generating sales and signing license agreements that produce revenue for the company. Once the data is available, we can break it down into a segment analysis and look at the revenues and their earnings before interest and taxes.

As I previously mentioned, the value proposition investors need to consider when evaluating UniPixel should include a large and growing \$100 billion display market segment. We are positioned to leverage the LCD panel and film manufacturing infrastructures. We have a strong IP portfolio that puts us in a very good position to move this company forward. I'm proud of what we've accomplished as a team on the technology development side. The companies we are engaged with and evaluating as potential TMOS ecosystem partners are world class. We look forward to some announcements in the near future regarding our TMOS display and Opcuity film technology that will add more color and light to the UniPixel story.

TWST: Thank you.

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