

# Charter of the Compensation Committee of United-Guardian, Inc.

## **MEMBERSHIP**

The Compensation Committee (the "**Committee**") of the board of directors (the "**Board**") of United-Guardian, Inc. (the "**Company**") shall consist of at least two directors. Each member of the Committee shall be independent in accordance with the provisions of Rule 10C-1(b)(1) under Securities Exchange Act of 1934, as amended (the "**Exchange Act**") and the rules of the NASDAQ Stock Market. The members of the Committee shall be appointed by the Board and shall serve until replaced by the Board or upon their resignation or death, whichever occurs sooner. The Board may remove any member from the Committee at any time with or without cause.

## **PURPOSE**

The purpose of the Committee is to carry out the responsibilities delegated by the Board relating to the review and determination of executive compensation.

## **DUTIES AND RESPONSIBILITIES**

The Committee shall have the following authority and responsibilities:

- A) To review and approve annually the corporate goals and objectives applicable to the compensation of the chief executive officer ("**CEO**"), evaluate at least annually the CEO's performance in light of those goals and objectives, and determine and approve the CEO's compensation level based on this evaluation. The CEO cannot be present during any voting or deliberations by the Committee on his or her compensation.
- B) To approve or make recommendations to the Board regarding the compensation of all other executive officers.

## **OUTSIDE ADVISORS**

The Committee shall have the authority, in its sole discretion, to select, retain and obtain the advice of a compensation consultant as necessary to assist with the execution of its duties and responsibilities as set forth in this Charter. The Committee shall set the compensation for, and oversee the work of, the compensation consultant. The Committee shall have the authority, in its sole discretion, to retain and obtain the advice and assistance of outside legal counsel and such other advisors as it deems necessary to fulfill its duties and responsibilities under this Charter. The Committee shall set the compensation for, and oversee the work of, its outside legal counsel and other advisors. The Committee shall receive appropriate funding from the Company, as determined by the Committee in its capacity as a committee of the Board, for the payment of compensation to

its compensation consultants, outside legal counsel and any other advisors. However, the Committee shall not be required to implement or act consistently with the advice or recommendations of its compensation consultant, legal counsel or other advisor to the compensation committee, and the authority granted in this Charter shall not affect the ability or obligation of the Committee to exercise its own judgment in fulfillment of its duties under this Charter.

The Committee shall evaluate whether any compensation consultant retained or to be retained by it has any conflict of interest in accordance with Item 407(e)(3)(iv) of Regulation S-K.

## **STRUCTURE AND OPERATIONS**

The Board shall designate a member of the Committee as the chairperson. The Committee shall meet at least once a year at such time(s) and place(s) as it deems necessary to fulfill its responsibilities. The Committee shall report to the Board regarding its actions, and make recommendations to the Board, as appropriate. The Committee is governed by the same rules regarding meetings (including meetings in person, by telephone, or by other appropriate methods of communication), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board.

The Committee may invite such members of management to its meetings as it deems appropriate. The CEO and any other such officers shall not be present when their compensation or performance is discussed or determined.

## **ANNUAL REVIEW**

The Committee shall review this Charter at least annually and recommend any proposed changes to the Board for approval.