



UNITED-GUARDIAN, INC.

Corporate Divisions and Subsidiaries

GUARDIAN LABORATORIES

EASTERN CHEMICAL

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Press Release

FOR IMMEDIATE RELEASE

UNITED-GUARDIAN REPORTS THIRD QUARTER 2001 FINANCIAL RESULTS

Hauppauge, NY, November 1, 2001 -- United-Guardian, Inc. (AMEX:UG) today reported that its third quarter earnings increased by 20 percent over last year, rising from \$361,313 (\$0.07 per share) in 2000 to \$434,456 (\$0.09 per share) in 2001. Revenue for the quarter increased by 13 percent from \$1,941,977 in 2000 to \$2,201,249 in 2001.

For the nine-month period ended September 30, 2001 earnings and revenue both declined slightly, with earnings down from \$1,579,687 (\$0.32 per share) in 2000 to \$1,513,834 (\$0.31 per share) in 2001, and revenue down from \$7,795,787 in 2000 to \$7,625,049 in 2001. However, the company pointed out that the strong third quarter turnaround has almost brought earnings back to the record level of 2000 after trailing at the end of the second quarter by \$0.03 per share.

Kenneth H. Globus, United-Guardian's president, said "We are very pleased that our third quarter sales and earnings were very strong compared to last year, especially in a quarter that is typically our slowest of the year. Despite the difficult economic conditions both here and abroad we have been able to maintain our sales and earnings at virtually the same level as last year's record levels, while many companies are experiencing severe financial impacts."

"We are continuing to work on many different projects that hold tremendous potential for the future," continued Mr. Globus. "One such project is the potential use of Clorpactin[®], our proprietary chlorine-based antimicrobial product, in the treatment of gingivitis and other periodontal diseases. This product is currently undergoing preliminary clinical testing at the Boston University School of Dental Medicine. Another project involves the development of a new form of Lubrajel[®], our line of water-based moisturizing and lubricating gels, that could significantly expand our market for that product line."

“We believe that because most of our products are proprietary in nature and targeted at the medical and personal care markets, we are in a strong position to weather the current economic conditions, and that when the economies both here and abroad become stronger, we will be able to resume the excellent growth in earnings that we have experienced over the past few years.”

United-Guardian is a manufacturer of cosmetic ingredients, personal and health care products, pharmaceuticals, and specialty industrial products.

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NOTE: This press release contains both historical and "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements about the company's expectations or beliefs concerning future events, such as financial performance, business prospects, and similar matters, are being made in reliance upon the "safe harbor" provisions of that Act. Such statements are subject to a variety of factors that could cause Registrant's actual results or performance to differ materially from the anticipated results or performance expressed or implied by such forward-looking statements. For further information about the risks and uncertainties that may affect the company's business please refer to the company's reports and filings with the Securities and Exchange Commission.

**RESULTS FOR THE THIRD QUARTER ENDED
SEPTEMBER 30, 2001 and SEPTEMBER 30, 2000**

	<u>9 Months Ended</u> <u>September 30,</u>		<u>3 Months Ended</u> <u>September 30,</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Revenue	\$ 7,625,049	\$ 7,795,787	\$ 2,201,249	\$ 1,941,977
Costs and expenses	<u>5,386,291</u>	<u>5,430,466</u>	<u>1,552,901</u>	<u>1,429,576</u>
Earnings from operations	2,238,758	2,365,321	648,348	512,401
Other income:	<u>177,816</u>	<u>154,366</u>	<u>46,108</u>	<u>63,412</u>
Earnings before income taxes	2,416,574	2,519,687	694,456	575,813
Provision for income taxes	<u>902,740</u>	<u>940,000</u>	<u>260,000</u>	<u>214,500</u>
Net earnings	<u>\$ 1,513,834</u>	<u>\$ 1,579,687</u>	<u>\$ 434,456</u>	<u>\$ 361,313</u>
Earnings per share (Basic and Diluted)	<u>\$ 0.31</u>	<u>\$.32</u>	<u>\$ 0.09</u>	<u>\$.07</u>