

ELITE PHARMACEUTICALS INC /DE/
Form PRE 14A
August 24, 2009

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
SCHEDULE 14A INFORMATION
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 Under Rule 14a-12

ELITE PHARMACEUTICALS, INC.

(Name of Registrant as Specified In Its Charter)

N/A

(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)(4) and 0-11.

(1) Title of each class of securities to which transaction applies: N/A

(2) Aggregate number of securities to which transaction applies: N/A

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined): N/A

(4) Proposed maximum aggregate value of transaction: N/A

(5) Total fee paid: N/A

- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing:

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(1) Amount Previously Paid: N/A

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(3) Filing Party: N/A

(4) Date Filed: N/A

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September __, 2009

Dear Stockholder:

You are cordially invited to attend our Annual Meeting of the Stockholders of Elite Pharmaceuticals, Inc. to be held at 10:00 a.m., October 23, 2009 at the company's headquarters at 165 Ludlow Avenue, Northvale, New Jersey 07647.

At this meeting you are being asked to (i) elect seven directors for a one year term, (ii) approve and ratify the amendment to our Certificate of Incorporation to increase the number of our authorized shares of common stock (the *Common Stock*) from 210,000,000 to 355,516,558, reduce the authorized shares of Preferred Stock from 5,000,000 to 4,483,442 and reduce the par value of the authorized shares of Common Stock from \$0.01 to \$0.001 per share, and (iii) ratify the appointment of Rosen Seymour Shapss Martin & Company LLP as our independent auditor. Your Board of Directors recommends that you vote FOR each of these proposals. You should read with care the attached Proxy Statement, which contains detailed information about each of these proposals.

Your vote is important regardless of the number of shares you own. Accordingly, we urge you to complete, sign, date and return your proxy card promptly in the enclosed postage-paid envelope. This will not limit your right to vote in person or attend the meeting.

Thank you for your continued interest in us. We hope that you will be able to join us on October 23, 2009.

Very truly yours,

Chris Dick

President and Acting Chief Executive Officer

YOUR VOTE IS IMPORTANT

In order to assure representation of your shares at the meeting, please complete, sign, date and return the enclosed proxy card.

ELITE PHARMACEUTICALS, INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

September __, 2009

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Elite Pharmaceuticals, Inc. (*Company* , *we* , *our* or *us*) will be held at the Company's headquarters at 165 Ludlow Avenue, Northvale, New Jersey 07647, on October 23, 2009 at 10:00 a.m., to consider and act upon the following:

1. The election of seven directors to serve until our next Annual Meeting of Stockholders, and thereafter until their successors shall have been duly elected and shall have qualified.
2. A proposal to approve and ratify the amendment to our Certificate of Incorporation to increase the number of authorized shares of Common Stock from 210,000,000 to 355,516,558, reduce the authorized shares of Preferred Stock from 5,000,000 to 4,483,442 and reduce the par value of the authorized shares of Common Stock from \$0.01 to \$0.001 per share.
3. A proposal to ratify the appointment of Rosen Seymour Shapss Martin & Company LLP as our independent auditor of our financial statements for the year ending March 31, 2009.
4. The transaction of such other business as may properly come before the meeting or any adjournment thereof that was not known a reasonable time before the solicitation.

All stockholders of record at the close of business on August 24, 2009 are entitled to notice of and to vote at this meeting and any adjournments thereof.

You are requested to sign and date the enclosed proxy card and return it in the enclosed envelope.

Our Annual Report on Form 10-K for the fiscal year ended March 31, 2009, and our quarterly report on Form 10-Q for the three months ended June 30, 2009, which are not part of the proxy soliciting materials, are enclosed.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ Carter Ward
Chief Financial Officer and Secretary

September __, 2009

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Proxy Statement contains forward-looking statements within the meaning of the Federal securities laws. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, the words believes, plans, intends, expects, goals and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these words. Actual results may differ materially from those projected in the forward-looking statements due to various uncertainties and risks, including without limitation risks associated with the effects of general economic and market conditions, lessening demand in the information technology market, successful integration of acquisitions, difficulty managing operations and difficulty in keeping pace with rapid industry, technological and market changes, as well as those described in Item 1A of Part I (Risk Factors) of our Annual Report on Form 10-K for the fiscal year ended March 31, 2009 and any updates to the Risk Factors set forth in our Quarterly Reports on Form 10-Q filed since our Annual Report. We disclaim any obligation to update any forward-looking statements contained herein after the date of this Proxy Statement.

**ELITE PHARMACEUTICALS, INC.
PROXY STATEMENT**

This Proxy Statement, our Annual Report on Form 10-K for the fiscal year ended March 31, 2009, our quarterly report on Form 10-Q for the three months ended June 30, 2009, and the accompanying proxy card are first being distributed to shareholders on or about September 6, 2009.

INFORMATION CONCERNING SOLICITATION AND VOTING

General

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of Elite Pharmaceuticals, Inc., a Delaware corporation (*Elite* , the *Company* , *we* , *our* or *us*), for our Annual Meeting of Stockholders to be held on October 23, 2009, and any adjournments thereof. You are receiving this Proxy Statement because you own shares of the Company's Common Stock that entitle you to vote at the Annual Meeting of the Stockholders. By use of proxy, you can vote, whether or not you attend the meeting. This Proxy Statement describes the matters we would like you to vote on and provides information on those matters so you can make an informed decision.

The information included in this Proxy Statement relates to the proposals to be voted on at the Annual Meeting of the Stockholders, the voting process, the Company's Board of Directors and committees, the compensation of directors and certain executive officers and other required information.

Purpose

The purpose of the Annual Meeting is to elect directors and to conduct the business described in the Notice of the Annual Meeting of Stockholders.

Record Date and Voting Rights

The holders of our common stock, par value \$0.01 per share (the *Common Stock*), and our Series E Convertible Preferred Stock, par value \$0.01 per share, are entitled to vote at the Annual

Meeting. Each share of Common Stock entitles the holder of record thereof at the close of business on August 24, 2009 to one vote on each of the matters to be voted upon at the Annual Meeting. Each share of Series E Preferred Stock entitles the holder of record thereof at the close of business on August 24, 2009 to the number of votes equal to the number of shares of Common Stock into which such share of Series E Preferred Stock is convertible as of such date, on each of the matters to be voted upon at the Annual Meeting. As of August 10, 2009, we had outstanding 74,285,579 shares of Common Stock (excluding 100,000 treasury shares), and 1,000 shares of Series E Convertible Preferred Stock convertible into 20,000,000 shares of Common Stock (with conversion share amounts calculated as of August 10, 2009).

Stockholders vote at the Annual Meeting by casting ballots (in person or by proxy) which will be tabulated by a person who is appointed by the Board of Directors before the Annual Meeting to serve as inspector of election at the Annual Meeting and who has executed and verified an oath of office.

Quorum; Broker Non-Votes and Abstentions

In order to conduct any business at the Annual Meeting, a quorum must be present in person or represented by valid proxies. A majority of the shares of Common Stock outstanding on the record date, assuming the conversion of all outstanding shares of Series E Preferred Stock, will constitute a quorum for purposes of the Annual Meeting. Abstentions and broker non-votes are considered present for purposes of determining the presence of a quorum.

Abstentions are counted as a vote against for purposes of determining whether a proposal is approved. Broker non-votes are not counted for purposes of determining whether a proposal has been approved and thus have no effect on the outcome.

Broker non-votes are proxies received from brokers or nominees when the broker or nominee has neither received instructions from the beneficial owner or other persons entitled to vote nor has discretionary power to vote on a particular matter. Brokers only possess discretionary power over matters that are considered routine, such as the election of directors described in Proposal 1 or the approval of auditors described in Proposal 3. Stockholders are advised to forward their voting instructions promptly so as to afford brokers sufficient time to process such instructions.

Vote Required for Approval of the Proposals and Election of Directors

If a quorum is met, in order for the proposals to be approved by the shareholders, the holders of a majority of all of the outstanding shares entitled to vote on the matters presented (holders of Series E Preferred Stock voting alongside holders of common stock) must vote in favor of each of the proposals. Directors shall be elected by a plurality of votes. All of the Company's officers, directors and holders of 10% or more the Company's outstanding common stock as of the initial closing date of the Epic Alliance Agreement, who hold a total of approximately 44,428,122 shares of Common Stock either issued and outstanding or issuable upon the conversion of Series E Preferred Stock, representing 47% of the voting power held by shareholders entitled to vote as of August 21, 2009, have executed a Voting Agreement pursuant to which they have agreed to vote in favor of the Charter Amendment (Proposal 2).

Solicitation

Solicitation of proxies may be made by our directors, officers and regular employees by mail, telephone, facsimile transmission or other electronic media and in person for which they will receive no additional compensation. The expenses of preparing, printing and assembling the materials used in the solicitation of proxies on behalf of the Board of Directors will be borne by us. Upon request, we will reimburse the reasonable fees and expenses of banks, brokers, custodians, nominees and fiduciaries for forwarding proxy materials to, and obtaining authority to execute proxies from, beneficial owners for whose accounts they hold shares of Common Stock.

Voting of Proxies

If the enclosed form of proxy is properly signed and returned, the shares represented thereby will be voted as specified in the proxy. If you do not specify in the proxy how your shares are to be voted, the shares will be voted as recommended by the Board of Directors: FOR election of the seven nominees for the board of directors and FOR Proposals 2 and 3

Revocation

You have the right to revoke your proxy at any time before it is voted by attending the meeting and voting in person or filing with our Secretary either a written instrument revoking the proxy or another executed proxy bearing a later date. Stockholders entitled to vote will not have any dissenters' rights of appraisal in connection with any of the matters to be voted on at the meeting.

Recommendations of the Board of Directors

This proxy solicitation is being made by the Company. The Board of Directors recommends a vote:

FOR the seven nominees listed under "Election of Directors", to serve until their successors are elected and qualified (Proposal 1);

FOR the approval and ratification of the amendment to our Certificate of Incorporation to increase the number of authorized shares of Common Stock from 210,000,000 to 355,516,558, reduce the authorized shares of Preferred Stock from 5,000,000 to 4,483,442 and reduce the par value of the authorized shares of Common Stock from \$0.01 to \$0.001 per share (Proposal 2);

FOR the ratification of the appointment by the Board of Directors of Rosen Seymour Shapss Martin & Company LLP (*Rosen Seymour*) as our independent auditors of our financial statements for the fiscal year ending March 31, 2009 (Proposal 3).

Should any nominee named in Proposal 1 be unable to serve or for good cause will not serve as director, the persons named in the enclosed form of proxy will vote for such other person as the Board of Directors may recommend.

Other Business

As of the date of this Proxy Statement, we have no knowledge of any business other than that described in the Notice of Annual Meeting that will be presented for consideration at the Annual Meeting. If any other business should properly come before the Annual Meeting, the persons appointed by the enclosed form of proxy shall have discretionary authority to vote all such proxies as they shall decide.

BOARD INDEPENDENCE AND COMMITTEES

Board Independence

Our stock is quoted on the OTC Bulletin Board which does not require a majority of directors who are independent. Our Board of Directors has three members who are independent as defined by Section 121A of the American Stock Exchange Listing Standards, as amended effective December 1, 2003. The Board of Directors considers all relevant facts and circumstances in its determination of the independence of all members of the Board of Directors (including any relationships set forth in this Proxy Statement under the heading "Certain Related Person Transactions"). Our Board of Directors has

affirmatively determined that none of the following Directors has a material relationship with us that would interfere with the exercise of his independent judgment (either directly or as a partner, shareholder or officer of an organization that has a relationship with us): Dr. Barry Dash, Jeffrey Whitnell, and Jerry Treppel are therefore deemed independent.

Stockholder Communications with the Board of Directors

Stockholders and other interested parties may contact the Board of Directors or the non-management directors as a group at the following address:

Board of Directors or Outside Directors
Elite Pharmaceuticals, Inc.
165 Ludlow Avenue
Northvale, NJ 07647

All communications received at the above address will be relayed to the Board of Directors or the non-management directors, respectively. Communications regarding accounting, internal accounting controls or auditing matters may also be reported to the Board of Directors using the above address.

Board Meetings

During the fiscal year ended March 31, 2009, our Board of Directors held 28 meetings and acted via written consent on 4 occasions. No incumbent director attended fewer than 75% of the meetings of the Board of Directors, or committees on which these directors served, during that year except for Jerry Treppel, who was not elected as a director until the third quarter of such fiscal year, on October 28, 2008 and Ashok Nigalaye, Jarine Narine and Ram Potti who were not elected until June 24, 2009 (after the end of the fiscal year March 31, 2009). Mr. Treppel attended all meetings of the Board of Directors that were held from the date of his election as a member of the Board through the end of the fiscal year.

Director Attendance at Annual Meeting of Stockholders

We do not have any policy requiring directors to be present at our Annual Meeting of Stockholders, however historically more than a majority of the incumbent directors have attended the annual meeting of stockholders, and we anticipate a majority of our directors will be present at the Annual Meeting to be held on October 23, 2009.

Committees of the Board

The Board of Directors has an Audit Committee, a Compensation Committee and a Nominating Committee.

Audit Committee. The current members of the Audit Committee are Robert J. Levenson (Chairman of the Audit Committee), Barry Dash and Melvin Van Woert. The Audit Committee held 11 meetings during the fiscal year ended March 31, 2009. A copy of its written charter (adopted by the Board of Directors) was included as an appendix to our proxy statement sent to stockholders in connection with the annual meeting of stockholders held October 11, 2001. The Audit Committee reviews with management and our auditors our financial statements, the accounting principles applied in their preparation, the scope of the audit, any comments made by the auditors on our financial statements and our accounting controls and procedures, the independence of our auditors, our internal controls, the other matters set forth in its charter, as adopted by the Board of Directors, and such other matters as the Audit Committee deems appropriate. The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the work of our independent auditors for the purpose of

preparing or issuing an audit report or performing other audit, review or attest services for us. We deem the members of our Audit Committee to be independent and Mr. Levenson to be qualified as an audit committee financial expert.

Nominating Committee. The current members of the Nominating Committee are Melvin Van Woert (Chairman of the Nominating Committee), Robert J. Levenson and Barry Dash. The Nominating Committee held 2 meetings during the fiscal year ended March 31, 2009. This committee does not have a charter. The Nominating Committee assists the Board of Directors in identifying and recommending qualified Board candidates. The Nominating Committee identifies Board candidates through numerous sources, including recommendations from Directors, executive officers and our stockholders. The Nominating Committee seeks to have available to it qualified candidates from a broad pool of individuals with a range of talents, experience, backgrounds and perspectives. The Nominating Committee seeks to identify those individuals most qualified to serve as Board members and considers many factors with regard to each candidate, including judgment, integrity, diversity, prior experience, the interplay of the candidate's experience with the experience of other Board members, the extent to which the candidate would be desirable as a member of any committees of the Board of Directors, and the candidate's willingness to devote substantial time and effort to Board responsibilities. The Nominating Committee makes recommendations to the Board of Directors with respect to Director nominees, and the full Board of Directors determines the slate of nominees for each annual meeting.

Compensation Committee. The current members of the Compensation Committee are Barry Dash (Chairman of the Compensation Committee), Robert J. Levenson and Melvin Van Woert. The Compensation Committee held no meetings during the fiscal year ended March 31, 2009. The Compensation Committee was formed June 26, 2007 and adopted a charter which is included as [Appendix A](#) to this proxy statement. The Compensation Committee reviews our compensation practices and policies, reviews and approves corporate goals and objectives relevant to the chief executive officer and other executive officer compensation, evaluates chief executive officer and executive officer performance in light of those goals and objectives and, either as a committee or together with other independent directors (as directed by the Board of Directors), determines and approves chief executive officer and executive officer compensation based on this evaluation, reviews and approves the terms of the offer letters, employment agreements, severance agreements, change-in-control agreements, indemnification agreements and other material agreements between the Company and its Chief Executive Officer and executive officers, annually reviews and approves perquisites for the chief executive officer and executive officers, considers and approves the report of the Compensation Committee for inclusion in the Company's proxy statement, makes recommendations to the Board of Directors with respect to the Company's employee benefit plans, administers incentive, deferred compensation and equity based plans, and has the other responsibilities as set forth in its charter, as adopted by the Board of Directors, and such other matters as the Compensation Committee deems appropriate. For more information on the compensation of directors and officers of the Company, see the Compensation Discussion and Analysis and Compensation sections below.

Compensation Committee Interlocks and Insider Participation

No members of the Compensation Committee were officers or employees of the Company or any of its subsidiaries during the year ended March 31, 2009, or had any relationship otherwise requiring disclosure.

PROPOSAL 1**ELECTION OF DIRECTORS***THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF EACH OF THE NOMINEES LISTED BELOW.*

Our bylaws provide that the Board of Directors will consist of not less than three nor more than ten members, the actual number of directors to be determined by the Board of Directors from time to time. The Board of Directors has set the number of directors of the Board of Directors as of the Annual Meeting at seven.

The holders of Common Stock will elect seven directors at the Annual Meeting, each of whom will be elected to serve until the next annual meeting of stockholders and thereafter until their successors shall have been duly elected and shall have qualified. Unless a stockholder either indicates withhold authority on his proxy card or indicates on his proxy card that his shares should not be voted for certain nominees, it is intended that the persons named in the proxy will vote for the election of the persons named in the table below.

Information with Respect to Nominees. The table below sets forth the name and age as of the Record Date of each nominee, and the period during which he has served on our Board of Directors. Each of the nominees for director has agreed to serve if elected and has consented to being named in this Proxy Statement.

<u>Name</u>	<u>Age</u>	<u>Director Since</u>
Jerry Treppel	55	November 2008
Ashok G. Nigalaye	57	June 2009
Jeenarine Narine	59	June 2009
Ram Potti	56	June 2009
Barry Dash, Ph. D.	77	April 2005
Chris Dick (1)	54	(2)
Jeffrey Whitnell	53	(3)

- (1) Mr. Dick also serves as our Chief Operating Officer, President and Acting Chief Executive Officer.
- (2) Mr. Dick previously served on our Board of Directors from October 2008 to June 2009, and is being nominated for re-election to the Board.
- (3) Newly nominated by the board of directors.

Each of the persons nominated for election to our Board of Directors, with the exception of Mr. Whitnell, has previously served as a director on our board. The principal occupations and employment of each such person during the past five years is set forth below. In each instance in which dates are not provided in connection with a nominee's business experience, such nominee has held the position indicated for at least the past five years.

Jerry Treppel has served as Chairman of the Board of Directors since November 2008 and a Director since October 2008. Since 2003, Mr. Treppel has served as the managing member of Wheaten Capital Management LLC, a capital management company focusing on investment in the health care sector. In October 2008, Mr. Treppel was also appointed managing director of Ledgemont Capital Group LLC, a boutique merchant bank that provides access to capital and corporate advisory services to public and private companies. Over the past 20 years, Mr. Treppel was an equity research analyst focusing on

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the specialty pharmaceuticals and generic drug sectors at several investment banking firms including Banc of America Securities, Warburg Dillon Read LLC (now UBS), and Kidder, Peabody & Co. He previously served as a healthcare services analyst at various firms, including Merrill Lynch & Co. He also held administrative positions in the healthcare services industry early in his career. Since 2003, Mr. Treppel has served as a member of the board of directors of Akorn, Incorporated (NASDAQ: AKRX), a specialty pharmaceutical company engaged in the development, manufacturing and marketing of branded and multi-source pharmaceutical products and vaccines. Mr. Treppel also serves as the Chair of Akorn's Nominating and Corporate Governance Committee and as a member of its Audit Committee and Compensation Committee. Mr. Treppel holds a BA in Biology from Rutgers College in New Brunswick, N.J., an MHA in Health Administration from Washington University in St. Louis, Mo., and an MBA in Finance from New York University. Mr. Treppel has been a Chartered Financial Analyst (CFA) since 1988.

Ashok G. Nigalaye has served as a Director since June 24, 2009. Mr. Nigalaye was elected as a member of Elite's Board in June 2009 as one of three directors designated by Epic pursuant to the terms of the Epic Strategic Alliance Agreement. Since July 2008, Mr. Nigalaye has been the President and Chief Executive Officer of Epic Pharma LLC, a manufacturer of generic pharmaceuticals and Elite's strategic partner pursuant to the Epic Strategic Alliance Agreement. From August 1993 to February 2008, Mr. Nigalaye served as Vice President of Scientific Affairs and Operations of Actavis Totowa LLC, a manufacturer of generic pharmaceuticals, where he was responsible for directing and organizing company activities relating to pharmaceutical drug manufacturing, regulatory affairs and research and development. Mr. Nigalaye currently serves as a director of GTI Inc., a privately held company. Mr. Nigalaye holds a B.S. in Pharmacy from the University of Bombay, an M.S. in Industrial Pharmacy from Long Island University, and a Ph.D. in Industrial Pharmacy from St. John's University. Mr. Nigalaye is also a licensed pharmacist in the State of New York.

Jeenarine Narine has served as a Director since June 24, 2009. Mr. Narine was elected as a member of Elite's Board in June 2009 as one of three directors designated by Epic pursuant to the terms of the Epic Strategic Alliance Agreement. Since July 2008, Mr. Narine has been the Executive Vice President of Manufacturing and Operations of Epic Pharma LLC, a manufacturer of generic pharmaceuticals and Elite's strategic partner pursuant to the Epic Strategic Alliance Agreement, in which capacity he oversees all manufacturing operations. Mr. Narine is also the current President of Eniran Manufacturing Inc., a contract manufacturer of dietary and nutritional supplements, and has held such office since 2000. In addition, Mr. Narine has been since 1989 the President of A&J Machine Inc., a company owned by Mr. Narine that is engaged in the sales of new and used pharmaceutical manufacturing equipment. In addition to this professional experience, Mr. Narine graduated from the Guyana Industrial Institute, where he studied Metalology and Welding.

Ram Potti has served as a Director since June 24, 2009. Mr. Potti was elected as a member of Elite's Board in June 2009 as one of three directors designated by Epic pursuant to the terms of the Epic Strategic Alliance Agreement. Since July 2008, Mr. Potti has been the Vice President of Business Development of Epic Pharma LLC, a manufacturer of generic pharmaceuticals and Elite's strategic partner pursuant to the Epic Strategic Alliance Agreement, in which capacity he handles the company's new ventures and products. Mr. Potti is also the founder and current President of RSMB Investments LLC, an investment company that specializes in startup ventures in the healthcare and technology sectors. In addition, from 2002 to 2006, Mr. Potti was the President and Chief Operating Officer of Trigen Laboratories, a company which he founded that manufactures generic pharmaceutical products. Mr. Potti holds a B.S. in Chemistry from the University of Kerala, St. Albert's College.

Dr. Barry Dash has served as a Director since April 2005, a Member of the Audit Committee since April 2005, a Member of the Nominating Committee since April 2005 and a Member of the

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Compensation Committee since June 2007. Dr. Dash has been since 1995 President and Managing Member of Dash Associates, L.L.C., an independent consultant to the pharmaceutical and health industries. From 1983 to 1996 he was employed by American Home Products Corporation (now known as Wyeth) its Whitehall-Robins Healthcare Division, initially as Vice President of Scientific Affairs, then Senior Vice President of Scientific Affairs and then Senior Vice President of Advanced Technologies during which time he personally supervised six separate departments: Medical and Clinical Affairs, Regulatory Affairs, Technical Affairs, Research and Development, Analytical R&D and Quality Management/Q.C. Dr. Dash had been employed by the Whitehall Robins Healthcare Division from 1960 to 1976, during which time he served as Director of Product Development Research, Assistant Vice President of Product Development and Vice President of Scientific Affairs. Dr. Dash had been employed by J.B. Williams Company (Nabisco Brands, Inc.) from 1978 to 1982. From 1976 to 1978 he was Vice President, Director of Laboratories of the Consumer Products Division of American Can Company. He currently serves on the board of GeoPharma, Inc. (NASDAQ: GORX) Dr. Dash holds a Ph.D. from the University of Florida and M.S. and B.S. degrees from Columbia University where he was Assistant Professor at the College of Pharmaceutical Sciences from 1956 to 1960. He is a member of the American Pharmaceutical Association, the American Association for the Advancement of Science and the Society of Cosmetic Chemist, American Association of Pharmaceutical Scientists, Drug Information Association, American Foundation for Pharmaceutical Education, and Diplomate American Board of Forensic Examiners. He is the author of scientific publications and patents in the pharmaceutical field.

Chris Dick has served as Chief Operating Officer since October 2008, acting Chief Executive Officer since November 2008, and President since April 2009; and a Director from October 20, 2008 to June 24, 2009. Mr. Dick began at Elite in November 2002 as Vice President of Business Development. Since March 2002, Mr. Dick has been Executive Vice President of Corporate Development. From 1999 to 2002, Mr. Dick served as Director of Business Development for Elan Drug Delivery, Inc. responsible for licensing and business development of Elan's portfolio of drug delivery technologies. From 1978 to 1999, he held various business and technical positions at FMC Corporation which included responsibility for business development and marketing for EnTec, a drug delivery business unit within FMC Corporation's Pharmaceutical Division and marketing for its pharmaceutical functional coatings product line. Mr. Dick holds an M.B.A. from the Stern School of Business, New York University, and a B.S. and M.S. in Chemical Engineering from Cornell University.

Jeffrey Whitnell is recommended by the Board for election as a Board member. Jerry Treppel, the Chairman of the Board, a non-management director and holder of Elite shares (555,000 share of common and 882,113 warrants) nominated Mr. Whitnell. Based on information available to the Board, the Board believes that Mr. Whitnell meets the requirements of an audit committee financial expert as defined under applicable rules under the Securities Exchange Act of 1934, as amended. Mr. Whitnell previously served as Chief Financial Officer and Senior Vice President of Finance at Akorn, Inc. between June 2004 to June 2009. Prior to that, Mr. Whitnell was Vice President of Finance and Treasurer for Ovation Pharmaceuticals from 2002 to April 2004 and Vice President of Finance and Treasurer for MediChem Research from 1997 to 2001. Before 1997, he held various finance positions at Akzo Nobel and Motorola. Mr. Whitnell began his career as an auditor at Arthur Andersen & Co. He is a certified public accountant and holds an M.B.A. in Finance from University of Chicago and a B.S. in Accounting from University of Illinois.

There is no family relationship between the nominees.

NAMED EXECUTIVE OFFICERS AND KEY EMPLOYEES

The named executive officers and key employees for the fiscal year ending March 31, 2009 were Chris C. Dick, President, Chief Operating Officer and acting Chief Executive Officer; Mark I. Gittelman, Chief Financial Officer, Secretary and Treasurer until June 30, 2009; Stuart Apfel, Chief Medical Officer and Chief Scientific Officer; and Dr. Charan Behl, Head of Technical Affairs until November 3, 2008 and a consultant of Elite since November 3, 2008; Bernard J. Berk, our President, Chief Executive Officer and Chairman until November 6, 2008; and Veerapan Subramanian, our Chief Scientific Officer until April 24, 2008.

On July 1, 2009, we appointed Carter J. Ward as our Chief Financial Officer, replacing Mark I. Gittelman, who served as the Registrant's Chief Financial Officer through the same date.

These individuals are referred to collectively as the Named Executive Officers.

Executive Officers

The following is a list of our officers and key employees, and each such person's biographical information:

Name	Age	Title
Chris Dick	54	Chief Operating Officer, President and Acting Chief Executive Officer
Carter Ward	45	Chief Financial Officer, Secretary and Treasurer
Stuart Apfel	49	Chief Scientific Officer and Chief Medical Officer
Mark I. Gittelman (1)	49	Former Chief Financial Officer, Secretary and Treasurer

- (1) Mr. Gittelman served as our Chief Financial Officer until July 1, 2009, when Mr. Carter Ward was appointed as his successor; additionally, Mr. Ward replaced Mr. Gittelman as Secretary and Treasurer on August 13, 2009.

The principal occupations and employment of each such person during the past five years is set forth below (for the biographical summary of Mr. Chris Dick, see section above). In each instance in which dates are not provided in connection with a nominee's business experience, such nominee has held the position indicated for at least the past five years.

Carter Ward was appointed as our Chief Financial Officer on July 1, 2009, and as our Secretary and Treasurer on August 13, 2009. Since June 2009, Mr. Ward has been engaged by Epic as a consultant and the services provided by Mr. Ward to Epic pursuant to such engagement include, but are not limited to, consulting on matters relating to the finances, business development and operations of Epic. Prior to joining the Registrant, from July 2005 to April 2009, Mr. Ward filled multiple finance and supply chain leadership roles with Actavis Group and its U.S. subsidiary Amide Pharmaceuticals. From September 2004 to June 2005, Mr. Ward was a consultant, mainly engaged in improving internal controls and supporting Sarbanes-Oxley compliance of Centennial Communications Inc., a NASDAQ listed wireless communications provider. From 1999 to September 2004, Mr. Ward was the Chief Financial Officer for Positive Healthcare/Ceejay Healthcare, a U.S.-Indian joint venture engaged in the manufacture and distribution of generic pharmaceuticals and nutraceuticals in India. Mr. Ward began his career as a certified public accountant in the audit department of KPMG and is a certified public accountant. Mr.

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Ward holds a B.S. in Accounting from Long Island University, Brooklyn, NY, from where he graduated *summa cum laude*.

Dr. Stuart Apfel has served as Chief Medical Officer since January 2008 and Chief Scientific Officer since April 2008. Dr. Apfel is also the founder and current President of Parallax Clinical Research, a New York-based consulting firm that provides strategic and practical assistance with clinical trial protocol design, planning, initiating and management to biotechnology and small pharmaceutical companies with making the transition from the bench to a clinical development program, and in this capacity he had served as a consultant to Elite from January 2007 through December 2007. From 2004 to 2006, Dr. Apfel was employed at DOV Pharmaceuticals, Inc. (OTC:DOVP), initially as a director of clinical research and then as a senior director of clinical research. From 2000 to 2004, Dr. Apfel was employed at Purdue Pharma L.P. Dr. Apfel initially worked as an associate director of clinical research at Purdue Pharma L.P. and then was promoted to a director of clinical research. Dr. Apfel is a board certified neurologist, and is currently on faculty as Associate Professor of Neurology at the Albert Einstein College of Medicine and at Downstate Medical School, where he continues to teach. From 1990 to 2000, he was a full time faculty member in the departments of Neurology and Neuroscience at Albert Einstein College of Medicine, where his research focused on the application of neurotrophic factors to neurologic disease.

Mark I. Gittelman our former Chief Financial Officer, Secretary and Treasurer of the Company, and is also the President of Gittelman & Co., P.C., an accounting firm in Clifton, New Jersey. Prior to forming Gittelman & Co., P.C. in 1984, he worked as a certified public accountant with the international accounting firm of KPMG Peat Marwick, LLP. Mr. Gittelman holds a B.S. in accounting from New York University and a Masters of Science in Taxation from Fairleigh Dickinson University. He is a Certified Public Accountant licensed in New Jersey and New York, and is a member of the American Institute of Certified Public Accountants (*AICPA*), and the New Jersey State and New York State Societies of CPAs. Other than Elite Labs, no company with which Mr. Gittelman was affiliated in the past was a parent, subsidiary or other affiliate of the Company. Mr. Gittelman served as our Chief Financial Office until July 1, 2009, and our Secretary and Treasurer until August 13, 2009. Carter Ward was appointed as our Chief Financial Officer on July 1, 2009, and as our Secretary and Treasurer on August 13, 2009.

There is no family relationship among the directors and executive officers named above.

There is no past, pending or, to our knowledge, threatened litigation or administrative action to which any director, officer or affiliate of the Company, holders of over 5% of any class of voting securities of the Company, or any associate of any of the foregoing persons are a party, which is adverse to us or, or in which such persons have a material interest that is adverse to us.

PROPOSAL 2

APPROVAL AND RATIFICATION OF AMENDMENT TO THE CERTIFICATE OF INCORPORATION TO INCREASE AUTHORIZED COMMON STOCK, REDUCE AUTHORIZED PREFERRED, AND REDUCE THE PAR VALUE OF COMMON STOCK

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR PROPOSAL 2

The Company is currently authorized to issue 210,000,000 shares of Common Stock and 5,000,000 shares of Preferred Stock. The Company's Board of Directors, subject to stockholder approval, has adopted an amendment to the Certificate of Incorporation (the *Charter Amendment*) that would increase the number of authorized shares of Common Stock from 210,000,000 to 355,516,558, reduce the authorized shares of Preferred Stock from 5,000,000 to 4,483,442 and reduce the par value of the authorized shares of Common Stock from \$0.01 to \$0.001 per share. If the Charter Amendment is approved by Company's stockholders, ARTICLE FOURTH of the Certificate of Incorporation will read as follows:

FOURTH: The total number of shares of all classes of stock which the Corporation shall have authority to issue is Three Hundred Sixty Million (360,000,000) shares, consisting of Four Million Four Hundred Eighty-Three Thousand Four Hundred Forty-Two (4,483,442) shares of Preferred Stock, par value \$0.01 per share, and Three Hundred Fifty-Five Million Five Hundred Sixteen Thousand Five Hundred Fifty-Eight (355,516,558) shares of Common Stock, par value of \$0.001 per share.

Subject to the provisions of Section 151 of the General Corporation Law, the Board of Directors or any authorized committee thereof of the Corporation is authorized to issue the shares of Preferred Stock in one or more series and determine the number of shares constituting each such series, the voting powers of shares of each such series and the designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions as set forth in a resolution or resolutions of the Board of Directors.

On August 10, 2009, the Company had 74,285,579 outstanding shares of Common Stock, exclusive of 100,000 treasury shares, 574,076 shares of Common Stock reserved for issuance upon conversion of outstanding Series B 8% Convertible Preferred Stock, par value \$0.01 per share (the *Series B Preferred Stock*), 3,365,217 shares of Common Stock reserved for issuance upon conversion of outstanding Series C 8% Convertible Preferred Stock, par value \$0.01 per share (the *Series C Preferred Stock*), 45,222,205 shares of Common Stock reserved for issuance upon conversion of outstanding Series D Convertible Preferred Stock, par value \$0.01 per share, 20,000,000 shares of Common Stock reserved for issuance upon conversion of outstanding Series E Convertible Preferred Stock (*Series E Preferred Stock*), 2,879,900 shares of Common Stock reserved for issuance upon exercise of outstanding options and 85,469,740 shares of Common Stock reserved for issuance upon exercise of outstanding warrants which in total exceeds our authorized shares of Common Stock available by approximately 22.2 million. In addition, we do not have reserve common stock to cover the exercise of a warrant held by Epic, and common stock issuable upon conversion of Series E Preferred Stock that is anticipated to be issued by us in the future.

The Company has not increased its authorized shares of Common Stock since December 19, 2008, at which time its authorized shares of Common Stock were increased from 150,000,000 shares to 210,000,000 shares.

Purpose of Proposal 2 Strategic Alliance Agreement with Epic Pharma, LLC and Epic Investments, LLC

Sale and Issuance of Series E Preferred Stock and Warrants to Epic Investments, LLC

The purpose of the proposed increase in the number of authorized shares of Common Stock and the decrease in the authorized shares of Preferred Stock is to satisfy the Company's obligation pursuant to the Strategic Alliance Agreement, dated as of March 18, 2009, by and among the Company, on the one hand, and Epic Pharma, LLC (*Epic*) and Epic Investments, LLC (*Epic Investments*), on the other hand, as amended on April 30, 2009, June 1, 2009 and July 28, 2009 (as amended, the *Epic Alliance Agreement*), which requires that the Charter Amendment be approved by our shareholders on or before October 30, 2009. Pursuant to the Epic Alliance Agreement, we sold to Epic Investments at an initial closing on June 3, 2009 1,000 shares of Series E Preferred Stock, which are convertible into 20,000,000 shares of Common Stock, and a seven-year warrant to purchase 20,000,000 shares of Common Stock at an exercise price of \$0.0625 per share, for an aggregate purchase price of \$1,000,000, as reported in our Current Report on Form 8-K filed with the SEC on June 5, 2009. At a second closing, scheduled to occur on the fifth trading day following approval of the Charter Amendment by our shareholders, we will sell to Epic Investments an additional 1,000 shares of Series E Preferred Stock, which will be convertible into 20,000,000 shares of Common Stock, and a seven-year warrant to purchase 40,000,000 shares of Common Stock at an exercise price of \$0.0625 per share, for an aggregate purchase price of \$1,000,000. At a third closing scheduled to occur on June 4, 2010, we will sell to Epic Investments an additional 1,000 shares of Series E Preferred Stock, convertible into 20,000,000 shares of Common Stock, and a seven-year warrant to purchase 40,000,000 shares of Common Stock at an exercise price of \$0.0625 per share, for an aggregate purchase price of \$1,000,000. The warrants issued at these three closings may only be exercised by payment of the applicable cash exercise price, and the exercise price is subject to downward adjustment based on a weighted average formula in the event the Company sells shares of Common Stock or equivalents, or grants rights to acquire Common Stock or equivalents, at a price less than the exercise price of such warrants, except with respect to certain exempt issuances, if such adjustment would result in a reduction of at least 1%. Pursuant to the Epic Alliance Agreement, we will use the net proceeds from the sale of our Series E Preferred Stock and warrants primarily for the development and clinical support of our Elite Pain Products (ELI -154 and ELI -216) and general corporate purposes and not for the satisfaction of any portion of the Company's debt (other than payment of trade payables in the ordinary course of the Company's business and consistent with prior practices), to redeem securities of the Company or to settle any outstanding litigation.

Terms of the Series E Preferred Stock

The terms of the Series E Preferred Stock are set forth in a Certificate of Designation of Preferences, Rights and Limitations of Series E Preferred Stock filed with the Secretary of State of Delaware (the *Series E Certificate*), which is attached as an exhibit to our Current Report on Form 8-K filed with the SEC on June 5, 2009. Pursuant to the Series E Certificate, each share of Series E Preferred Stock has a stated value equal to \$1,000 (the *Stated Value*). So long as any Series E Preferred Stock remain outstanding, the Company will not declare, pay or set aside any dividends on shares of any other class or series of capital stock of the Company (other than dividends payable under the current terms of its Series D Preferred Stock) unless Epic Investments first receives, or simultaneously receives, a dividend on each outstanding share of Series E Preferred Stock in an amount equal to the dividend Epic Investments would have been entitled to receive upon conversion, in full, on one share of Series E Preferred Stock immediately prior to the record date for determination of holders entitled to receive such dividend.

On any matter presented to the stockholders of the Company for their action or consideration at any meeting of stockholders of the Company (or by written consent of stockholders in lieu of meeting),

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Epic Investments will be entitled to cast the number of votes equal to the number of shares of Common Stock into which the shares of Series E Preferred Stock held by Epic Investments are convertible as of the record date for determining the stockholders entitled to vote on such matter, voting together with the Common Stock holders has a single class, except as otherwise provided by applicable law or the Series E Certificate.

Upon any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary (a *Liquidation*), Epic Investments will be entitled to receive out of the assets, whether capital or surplus, of the Company an amount equal to the Stated Value for each share of Series E Preferred Stock held by Epic Investments before any distribution or payment will be made to the holders of Common Stock, the Series B Preferred Stock, the Series C Preferred Stock and all other securities convertible into or exercisable for Common Stock, other than (i) the Series D Preferred Stock and (ii) any securities which are explicitly senior or *pari passu* to the Series E Preferred Stock in dividend rights or liquidation preference (such securities, *Junior Securities*). Upon a Liquidation, the Series E Preferred Stock will rank (a) *pari passu* with the Series D Preferred Stock and (b) senior to any Junior Securities, including, without limitation, the Series B Preferred Stock and the Series C Preferred Stock. If the assets of the Company will be insufficient to pay in full such amounts, then the entire assets to be distributed to Epic Investments and the holders of all outstanding shares of Series D Preferred Stock will be ratably distributed among Epic Investments and such holders of Series D Preferred Stock in accordance with the respective amounts that would be payable on the shares of Series E Preferred Stock owned by Epic Investments and such shares of Series D Preferred Stock if all amounts payable thereon were paid in full.

Each share of Series E Preferred Stock is initially convertible at a conversion price of \$0.05 per share (the *Conversion Price*) into 20,000 shares of Common Stock. The Conversion Price is subject to adjustment for certain events, including, without limitation, dividends, stock splits, combinations and the like. The Conversion Price is also subject to adjustment for (a) the sale of Common Stock or securities convertible into or exercisable for Common Stock at a price less than the then applicable conversion price, for which Epic Investments' consent was not required under the Series E Certificate, (b) the issuance of Common Stock in lieu of cash in satisfaction of the Company's dividend obligations on shares of outstanding shares of Series B Preferred Stock, Series C Preferred Stock and/or Series D Preferred Stock, and (c) the issuance of Common Stock as a result of any holder of Series D Preferred Stock exercising its right to require the Company to redeem all of such holder's shares of Series D Preferred Stock pursuant to the terms thereof. The effect of the adjustments described under clauses (b) and (c) above are to cause the Series E Preferred Stock to remain convertible into an equivalent percentage of the Common Stock of the Company as it was immediately prior to the issuance described in those clauses.

At any time following the date upon which there are no outstanding Series B, C or D Preferred Stock outstanding the Company may automatically convert all of the then outstanding shares of Series E Preferred Stock into Common Stock at the then effective Conversion Price (such automatic conversion, the *Forced Conversion*), if, after giving effect to the Forced Conversion, the shares of Common Stock issuable to Epic Investments upon such Forced Conversion *plus* the number of shares of Common Stock owned by Epic Investments immediately prior to such Forced Conversion will equal a number of shares of Common Stock that is greater than fifty percent (50%) of the then outstanding Common Stock.

Milestone Issuances of Common Stock and Warrants to Epic Investments, LLC

Pursuant to the Epic Alliance Agreement, Epic will occupy a portion of the Company's facility and use the Company's equipment for the purpose of developing (i) at least four control release products (the *Identified CR Products*) and (ii) at least four immediate release products (the *Identified IR Products*).

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Epic will also use a portion of the Company's facility and use the Company's equipment for the purpose of developing (x) additional control release products of Epic (the *Additional CR Products*), and/or (y) additional immediate release products of Epic (the *Additional IR Products*).

As additional consideration for Epic's use and occupancy of a portion of the Company's facility and use of the Company's property and the issuance and delivery by the Company to Epic Investments of the Milestone Shares (as defined below) and Milestone Warrants (as defined below), for the period beginning on the first commercial sale of each product described above and continuing for a period of ten years thereafter (measured independently for each product), Epic will pay the Company a cash fee equal to fifteen percent of the profit, if any, on each of the products.

With respect to each Identified CR Product and Additional CR Product developed by Epic at the Company's facility: (i) the Company will issue and deliver to Epic Investments a seven year warrant to purchase up to 10,000,000 shares of Common Stock, at an exercise price of \$0.0625, following the receipt by the Company from Epic of each written notice of Epic's receipt of an acknowledgement from the U.S. Food and Drug Administration (FDA) that the FDA accepted for filing an Abbreviated New Drug Application (ANDA) for such Identified CR Products and/or Additional CR Products, up to a maximum of four such warrants for the right to purchase up to an aggregate of 40,000,000 shares of Common Stock (such warrants, the *CR Related Warrants*), and (ii) the Company will issue and deliver to Epic Investments 7,000,000 shares of Common Stock following the receipt by the Company from Epic of each written notice of Epic's receipt from the FDA of approval for such Identified CR Products and/or Additional CR Products, up to a maximum of an aggregate of 28,000,000 shares of Common Stock (such shares, the *CR Related Shares*).

With respect to each Identified IR Product and Additional IR Product developed by Epic at the Facility, (i) the Company will issue and deliver to Epic Investments a seven year warrant to purchase up to 4,000,000 shares of Common Stock, at an exercise price of \$0.0625, following the receipt by the Company from Epic of each written notice of Epic's receipt of an acknowledgement from the FDA that the FDA accepted for filing an ANDA for such Identified IR Products and/or Additional IR Products, up to a maximum of four such warrants for the right to purchase up to an aggregate of 16,000,000 shares of Common Stock (such warrants, together with the CR Related Warrants, the *Milestone Warrants*), and (ii) the Company will issue and deliver to Epic Investments 3,000,000 shares of Common Stock following the receipt by the Registrant from Epic of each written notice of Epic's receipt from the FDA of approval for such Identified IR Products and/or Additional IR Products, up to a maximum of an aggregate of 12,000,000 shares of Common Stock (such shares, together with the CR Related Shares, the *Milestone Shares*). The Milestone Warrants may only be exercised by payment of the applicable cash exercise price, and the exercise price is subject to downward adjustment based on a weighted average formula in the event the Company sells shares of Common Stock or equivalents, or grants rights to acquire Common Stock or equivalents, at a price less than the exercise price of such warrants, except with respect to certain exempt issuances, if such adjustment would result in a reduction of at least 1%.

Other Purposes and Consequences of Proposal 2

In addition to increasing the authorized Common Stock to a number sufficient to meet our obligations under the Epic Alliance Agreement, the increase in our authorized Common Stock will provide more shares for general corporate purposes, including raising additional capital, stock issuances under employee stock option plans, possible future acquisitions and stock dividends and splits. The Board of Directors believes that an increase in the total number of shares of authorized Common Stock will help the Company to meet its future needs and give it greater flexibility in responding quickly to advantageous business opportunities. In the event that the Board of Directors deems it to be in the best interest of the

Company to issue additional shares of Common Stock or securities convertible, exercisable or exchangeable for shares of Common Stock and the price per share of Common Stock in such issuance is below certain dollar amounts set forth in the Company's Certificate of Designations of Preferences, Rights and Limitations of the Company's Series B Preferred Stock and Series C Preferred Stock and Series E Preferred Stock or set forth in the terms of any outstanding warrants or options which contain anti-dilution protection provisions, the number of shares of Common Stock as to which such securities may be converted or exercised shall increase.

In the absence of a substantial increase in the number of authorized shares of Common Stock, the Company will be greatly disadvantaged in its ability to undertake any future fundraising through the sale of Common Stock or securities convertible, exchangeable or exercisable for shares of Common Stock, including in connection with the second and third closings under the Epic Alliance Agreement, which cannot proceed without adoption of the Charter Amendment. Other than in connection with the Epic Alliance Agreement, the Company currently does not have any definitive terms with respect to any plan, commitment, arrangement, understanding or agreement, either oral or written, regarding the issuance of Common Stock or securities convertible, exchangeable or exercisable for shares of Common Stock, subsequent to the increase in the number of available authorized shares of Common Stock.

The Company's issuance of shares of Common Stock or Preferred Stock, including the additional shares of Common Stock that will be authorized if the proposed Charter Amendment is adopted, may dilute the equity ownership position of current holders of Common Stock and may be made without stockholder approval, unless otherwise required by applicable laws or stock exchange regulations.

The additional authorized but unissued shares of the Company's Common Stock or the issuance of additional shares of Preferred Stock could be used to make a change in control of the Company more difficult and expensive. Under certain circumstances, such shares could be used to create impediments to or frustrate persons seeking to cause a takeover or to gain control of the Company. Such shares could be sold to purchasers who might side with the Board of Directors in opposing a takeover bid that the Board of Directors determines not to be in the best interests of its stockholders. The Charter Amendment might also have the effect of discouraging an attempt by another person or entity, through the acquisition of a substantial number of shares of the Common Stock, to acquire control of the Company with a view to consummating a merger, sale of all or part of the Company's assets, or a similar transaction, since the issuance of new shares could be used to dilute the stock ownership of such person or entity.

FINANCIAL AND OTHER INFORMATION

The financial statements of the Company, including the consolidated financial statements for the years ended March 31, 2009, 2008 and 2007, including management's discussion and analysis of financial condition and result of operations, and quantitative and qualitative disclosures about market risk for the said periods, may be found in our Annual Report on form 10-K for the year ended March 31, 2009, which information is incorporated by reference. Our financial statements for the three month period ending June 30, 2009, including management's discussion and analysis of financial condition and result of operations, and quantitative and qualitative disclosures about market risk for the said period, may be found in our Quarterly Report on Form 10-Q filed on August 19, 2009, which information is incorporated by reference.

PROPOSAL 3**RATIFICATION OF SELECTION OF INDEPENDENT AUDITORS***THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR PROPOSAL 3*

The Board of Directors, subject to stockholder approval, appointed Rosen Seymour Shapss Martin & Company LLP (*Rosen Seymour*) as our independent auditors for our financial statements for the fiscal year ending March 31, 2010. *The affirmative vote of a majority of votes properly cast on this proposal at the Annual Meeting is required to ratify such selection.*

Stockholder ratification of the appointment is not required by our Certificate of Incorporation or bylaws or otherwise. If our stockholders fail to ratify the appointment, the Board of Directors will reconsider whether to retain that firm. Even if the appointment is ratified, the Board of Directors in its discretion may direct the appointment of a different independent accounting firm if the Board of Directors determines that such a change would be in our best interests and the best interests of our stockholders.

Effective January 1, 2009, the independent auditing firm Miller, Ellin & Company, LLP (*Miller Ellin*) consummated a merger of its practice into the practice of Rosen Seymour, with Rosen Seymour succeeding to the business and operations of Miller Ellin, subject to certain conditions and exceptions, as agreed upon by the parties under the terms of the merger. Upon consummation of the merger of accounting firms on January 1, 2009, Miller Ellin effectively resigned as Elite's independent accountant, and Rosen Seymour, pursuant to the terms of its agreement with Miller Ellin, became Elite's new independent accountant and principal accountant to audit its financial statements, as the successor in interest of Miller Ellin.

Miller Ellin (now Rosen Seymour) has audited our consolidated financial statements since 1997. A representative of that firm is expected to be present at the Annual Meeting, and will have an opportunity to make a statement to the stockholders and will be available to respond to appropriate questions.

The following table presents fees for professional audit services rendered by Rosen Seymour for the audits of our annual financial statements for the years ended March 31, 2009 and 2008.

	<u>2009</u>	<u>2008</u>
Audit Fees ⁽¹⁾	\$ 90,315	\$ 52,847
Audit-Related Fees		
Tax Fees		
All Other Fees		

(1) Audit Fees relate to the audit of our financial statements and reviews of financial statements included in our quarterly reports on Form 10-Q.

Our audit committee pre-approves all audit and non-audit services provided by our independent auditor, as described in the audit committee's charter. The audit committee considers whether the provision of other non-audit services is compatible with the auditor's independence. All of the above fees were billed to us by our independent auditor for the services categorized above, and all such services were pre-approved by our audit committee. Audit fees included fees associated with the audit of our year-end financial statements (including internal control evaluation and reporting) and the review of documents filed with the Securities and Exchange Commission, including our quarterly reports on Form 10-Q and annual report on Form 10-K. We incurred no audit-related fees, tax fees, or other fees.

AUDIT COMMITTEE REPORT

The audit committee's primary responsibilities are to monitor the integrity of our financial statements and reporting process and systems of internal controls regarding finance and accounting and to monitor our compliance with legal and regulatory requirements, including disclosures and procedures. The committee also has the responsibility to evaluate our independent auditor's qualifications, independence and performance as well as to evaluate the performance of the internal audit function.

Management has the primary responsibility for the financial statements and the reporting process, including our systems of internal controls. The independent auditors are responsible for auditing the annual financial statements prepared by management and expressing an opinion as to whether those financial statements conform with accounting principles generally accepted in the United States of America. The audit committee reviewed and discussed the audited financial statements with management and our independent auditors. The audit committee has discussed with the independent auditors the matters required to be discussed by the statement on Auditing Standards No. 61, as amended. In addition, the audit committee has received the written disclosures and the letter from the independent accountants required by Independence Standards Board Standard No. 1, and has discussed with the independent accountant the independent accountant's independence.

Based upon the review and discussions described in this report, a majority of the audit committee recommended to the Board of Directors that the audited financial statements be included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2009 that has been filed with the Securities and Exchange Commission.

AUDIT COMMITTEE

Barry Dash
Melvin Van Woert
Robert J. Levenson

The Audit Committee Report does not constitute soliciting material, and shall not be deemed to be filed or incorporated by reference into any other Company filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates the Audit Committee Report by reference therein.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information, as of June 23, 2009 (except as otherwise indicated), regarding beneficial ownership of our Common Stock by (i) each person who is known by us to own beneficially more than 5% of the Common Stock, (ii) each of our directors and nominees for director, (iii) each of the Named Executive Officers (as defined below) and (iv) all our directors and executive officers as a group. On June 23, 2009, we had 69,969,781 shares of Common Stock outstanding (exclusive of 100,000 treasury shares). The 1,000 shares of Series E Preferred Stock outstanding as of June 23, 2009 are entitled to vote, on an as-converted basis, with the Common Stock on any matter presented to the holders of our Common Stock for their action or consideration at any meeting of our stockholders (or by written consent of stockholders in lieu of meeting). The 895.5590 shares of Series B Preferred Stock, 5,418 shares of Series C Preferred Stock and 9,059.4410 shares of Series D Preferred Stock outstanding as of June 23, 2009 are nonvoting. As of June 23, 2009, none of the individuals listed below beneficially owned any shares of Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock or Series E Preferred Stock, except for the following (as further described in the footnotes to the table): (a) 1,000 shares of Series E Preferred Stock were beneficially owned by Messrs. Ashok G. Nigalaye, Jeenarine Narine and Ram Potti, (b) 3,986 shares of Series D Preferred Stock were beneficially owned by Midsummer Capital LLC and (c) 2,084.4410 shares of Series D Preferred Stock were beneficially owned collectively by Bushido Capital Master Fund LP and BCMF Trustees LLC. There are currently no shares of Series A Preferred Stock outstanding.

As used in the table below and elsewhere in this Proxy Statement, the term beneficial ownership with respect to a security consists of sole or shared voting power, including the power to vote or direct the vote, and/or sole or shared investment power, including the power to dispose or direct the disposition, with respect to the security through any contract, arrangement, understanding, relationship, or otherwise, including a right to acquire such power(s) during the 60 days immediately following June 23, 2009. Except as otherwise indicated, the stockholders listed in the table have sole voting and investment powers with respect to the shares indicated.

Name and Address of Beneficial Owner of Common Stock	Amount and Nature of Beneficial Ownership	Percent (%) of Class Beneficially Owned
Chris Dick, President, Chief Operating Officer and Acting Chief Executive Officer*	885,287 ⁽¹⁾	1.25
Robert J. Levenson, Director*	90,000 ⁽²⁾	*
Melvin Van Woert, Director*	120,000 ⁽³⁾	*
Barry Dash, Director*	163,761 ⁽⁴⁾	*
Jerry Treppel, Chairman of the Board and Director*	1,856,172 ⁽⁵⁾	2.60
Ashok G. Nigalaye*	60,000,000 ⁽⁶⁾	46.16
Jeenarine Narine*	60,000,000 ⁽⁶⁾	46.16

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Ram Potti*	60,000,000 ⁽⁶⁾	46.16
Mark I. Gittelman, Chief Financial Officer until June 30, 2009*	76,666 ⁽⁷⁾	*
Stuart Apfel, Chief Scientific Officer and Chief Medical Officer*	0 ⁽⁸⁾	*
Carter Ward, Chief Financial Officer, Treasurer and Secretary ⁽¹⁴⁾	0	*
Epic Pharma, LLC 227-15 North Conduit Ave. Laurelton, NY 11413	60,000,000 ⁽⁶⁾	46.16
Trellus Management Company Adam Usdan 350 Madison Avenue, 9th Floor New York, New York 10017	28,672,715 ⁽⁹⁾	30.52
Davidson Kempner Partners 65 East 55 th Street, 19 th Floor New York, NY 10022	4,948,447 ⁽¹⁰⁾	6.61
Midsummer Capital LLC Scott D. Kaufman 295 Madison Ave., 38 th Floor New York, NY 10017	24,687,310 ⁽¹¹⁾	26.08
Bushido Capital Partners Ronald S. Dagar 145 E. 57 th St., 11 th Floor New York, NY 10022	14,328,847 ⁽¹²⁾	17.02