

ELITE PHARMACEUTICALS INC /DE/  
Form DEFA14A  
September 24, 2002

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

SCHEDULE 14A INFORMATION

Soliciting Material Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934  
(Amendment No.)

Filed by the Registrant  [X]

Filed by a Party other than the Registrant  [ ]

Check the appropriate box:

- [ ] Preliminary Consent Statement
- [ ] Confidential, for Use of the Commission only (as permitted by Rule 14a-6(e)(2))
- [ ] Definitive Consent Revocation Statement
- [ ] Definitive Additional Materials
- [X] Soliciting Material Pursuant to Rule 14a-12

ELITE PHARMACEUTICALS, INC.  
(Name of Registrant as Specified In Its Charter)

N/A  
(Name of Person(s) Filing Consent Revocation Statement,  
if other than Registrant)

Payment of Filing Fee (Check the appropriate box):

- [X] 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:

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(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):

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(1) Amount Previously Paid:

N/A

(2) Form, Schedule or Registration Statement No.:

N/A

(3) Filing Party:

N/A

(4) Date Filed:

N/A

[Elite Letterhead]

THREE GOOD REASONS TO VOTE BLUE

September 24, 2002

Dear Fellow Stockholder:

Since the Freedman Group first launched its costly and unprovoked attempt to seize control of Elite by removing all of Elite's independent board members and installing its hand-picked slate, your duly elected, independent Board of Directors has advised you that in its judgment the Freedman Group's slate was not qualified to control your company, the Freedman Group had no experience operating a drug delivery development company and that Elite's existing management had the right plan to grow and develop the Company's business. Institutional Shareholder Services, Inc. ("ISS"), a leading independent proxy advisory firm, has recently issued a report recommending that stockholders revoke or withhold consents solicited by the Freedman Group in support of its proposals.

ISS is widely recognized as the nation's leading independent proxy advisory firm. Its recommendations are relied upon by hundreds of major institutional investment firms, mutual funds, and other fiduciaries throughout the country. We believe that ISS's recommendations carry great weight and should be considered carefully by stockholders, since the ISS Report was prepared by an independent third-party advisor that made its recommendation only after careful consideration of the positions of your Company and the Freedman Group.

INSTITUTIONAL SHAREHOLDER SERVICES, INC. RECOMMENDS  
AGAINST SUPPORTING THE FREEDMAN GROUP'S PROPOSALS

In a report released by ISS on September 20, 2002, ISS states:

"Nowhere in the [Freedman Group's] written material does the [Freedman Group] outline a specific strategy with respect to how the company can

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expand its product line, improve its product development process, or enter into new collaborative agreements with other drug companies. Ultimately, the [Freedman Group's] plan is insufficient for the purpose of controlling the board. Management, on the other hand, has communicated a revised strategy that focuses on branded products, expanded research and development activities, and alliances with other drug companies."

"The [Freedman Group's] slate does not appear to have the relevant industry and FDA regulatory expertise. The company is at a critical stage in its development.... As such, a board that is well equipped with relevant industry and FDA regulatory experience is vital to the company's success. Two of management's independent nominees have expertise in the pharmaceutical industry as well as experience in manufacturing drug products and FDA regulatory matters. Management's other independent nominee has experience in investment banking services."

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The ISS Report concludes as follows:

"[T]he company is at a critical stage in its development. Electing the [Freedman Group's] slate poses a significant risk to the company and its shareholders for the following reasons. First, the [Freedman Group's] slate does not appear to have any relevant FDA expertise or expertise in the areas of developing and/or manufacturing drug delivery products. Second, the [Freedman Group's] plan to improve shareholder value is simply too vague and insufficient for assuming control of the board. Management, on the other hand, has implemented a business plan which: (1) addresses the FDA regulatory issues and the manufacturing and development needs of the company's drug delivery products; and (2) positions the company for accelerated growth as indicated by expanded research and development activities and alliances with big pharmaceutical companies. Moreover, management's nominees have relevant industry and FDA regulatory experience to execute the company's goals. ISS concludes that there is no compelling evidence to suggest that a change in control of the board is warranted. The current board should be given an opportunity to grow the company in hopes of maximizing shareholder value."

We agree completely with ISS' findings, and strongly urge all stockholders to vote against the Freedman Group's proposals and to support your existing Board of Directors. Do not return any WHITE Consent Card sent to you by the Freedman Group, even to vote against them. Throw it away. If you have previously sent in a WHITE Consent Card there is still time to change your vote. Please sign, date & return your BLUE Consent Revocation Card today!!!

### ETHYPHARM S.A. AGREEMENT

In its solicitation materials, the Freedman Group has attacked your management for failing to enter into agreements with other pharmaceutical companies. Last week, however, Elite announced that it had entered into a manufacturing agreement with Ethypharm S.A. for the manufacture of a new prescription drug product. Elite will receive an upfront manufacturing fee for the first phase of the technology transfer and is entitled to receive fees in advance for each phase of the manufacturing. In addition, upon FDA approval and

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if requested by Ethypharm, Elite will manufacture commercial batches of the product on terms to be agreed.

### THE FREEDMAN GROUP'S UNQUALIFIED CANDIDATES

As stated in the ISS Report, we believe that the Company is currently at a critical juncture in its development. We believe that now more than ever your company needs directors and senior management that have FDA expertise and/or expertise in the development, manufacturing and licensing of drug delivery products. When you compare the qualifications of the current independent directors elected by stockholders to those of the Freedman Group's hand-picked slate, we believe that stockholders should conclude that your existing Board is better qualified to lead the Company at this time. Based on publicly available information and additional information obtained by Elite, we have set forth below the background and qualifications of the current independent directors and the members of the Freedman Group's slate:

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#### Current Independent Director

#### Freedman Group Nominee

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Harmon Aronson, Ph.D.

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Harris Freedman

- > since 1997 President of Aronson Kaufman Associates, Inc., a consulting firm that provides manufacturing, FDA regulatory and compliance services to pharmaceutical and biotechnology companies. Its clients include United States and international firms manufacturing bulk drugs and finished pharmaceutical dosage products who are seeking FDA approval for their products for the US market.
- > prior to 1997, was employed by Biocraft Laboratories, a leading generic drug manufacturer, most recently in the position of Vice President of Quality Management; prior to that he held the position of Vice President of Non-Antibiotic Operations, where he was responsible for the manufacturing of all of the firm's non-antibiotic products.
- > holds a Ph.D. in Physics from the University of Chicago.

- > since 1978 has provided general business consulting services.
- > during the 1970s, worked, among other things, as a salesman for a lawn chemical treatment company.
- > prior thereto sold life insurance products.
- > was a stockbroker from 1960 to 1964 before being barred from the industry in 1967 by the SEC and being convicted for securities fraud.
- > never graduated from college.

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Donald S. Pearson

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Sharon Will

- > since 1997 President of Pearson & Associates, Inc., a company that

- > since 1994 has provided investor relations services.

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- provides consulting services to the pharmaceutical industry
- > from 1992-1997 served as the Director of Licensing at Elan Pharmaceuticals
- > from 1962-1992 was employed by Warner-Lambert Company, a pharmaceutical company, in various marketing, business development and licensing capacities
- > received a B.S. in Chemistry from the University of Arkansas and studied steroid chemistry at St. John's University
- > from 1992 to 1994 worked as a stockbroker.
- > from 1988 to 1992 served as a manufacturing sales representative
- > from 1982 to 1988, sold textile products and office equipment
- > never graduated from college

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Eric L. Sichel, M.D.

Michael H. Freedman

- > since 1997 President of Sichel Medical Ventures, Inc. which company provides biotechnology company assessments and investment banking services.
- > from 1995 through 1996, was a senior analyst in the biotechnology field for Alex, Brown & Sons, Inc. of New York, NY.
- > prior thereto was affiliated with Sandoz Pharmaceuticals Corp. in various capacities, including associate director of transplantation/immunology.
- > Dr. Sichel is licensed to practice medicine by the State of New York.
- > Holds an M.B.A. from Columbia University and an M.D. from UMDNJ--New Jersey Medical School
- > since 1990 has been a securities lawyer in private practice with several law firms
- > received undergraduate degree from Hofstra University
- > received a law degree from St. John's University

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PLEASE SEND A STRONG MESSAGE TO THE FREEDMAN GROUP

We believe that the Freedman Group's hand-picked slate is not qualified to lead your company. In addition, we believe that the Freedman Group has no real agenda for creating stockholder value. We believe that these views have been corroborated by the ISS Report.

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In our opinion, the Freedman Group is acting only for the purpose of extending the terms of warrants held by them and other investors at a cost to the Company of over \$1,000,000. Please help us defeat the Freedman Group's proposals by voting against the proposals of the Freedman Group.

If your shares are registered in your name, please sign, date and mail the enclosed BLUE Consent Revocation Card to Georgeson Shareholder Communications Inc. in the postage-prepaid envelope provided to you. If your shares are held in the name of a brokerage firm, bank nominee or other institution, only it can sign a BLUE Consent Revocation Card with respect to your shares and only after receiving your specific instructions. Accordingly, please sign, date and return the enclosed BLUE Consent Revocation Card in the postage-paid envelope provided. To ensure that your revocation is completed, you should contact the person responsible for your account and give instructions for a BLUE Consent Revocation Card to be issued representing your shares.

For more information about how to vote, please call Elite's proxy solicitor:

GEORGESON SHAREHOLDER COMMUNICATIONS INC.  
17 STATE STREET, NEW YORK, NEW YORK 10004  
TOLL FREE TEL: 866-297-1267  
FAX: 212-440-9009.

On behalf of your Board of Directors, thank you for your continued interest and support in your company.

Very truly yours,

/s/ Atul M. Mehta

Atul M. Mehta, Ph.D.  
President and Chief Executive Officer  
For The Board of Directors