

ELITE PHARMACEUTICALS, INC.
CHARTER AND POWERS OF THE COMPENSATION COMMITTEE

Statement of Policy

The Compensation Committee of the Board of Directors (the "Compensation Committee") of Elite Pharmaceuticals, Inc. (the "Company") shall provide assistance to the Board of Directors in discharging the Board of Directors' responsibilities relating to management organization, performance, compensation and succession.

Organization

The members of the Compensation Committee shall be appointed by the Board of Directors from time to time upon a determination by the Board of Directors that the nominees meet all required qualifications for Compensation Committee membership. The Board may designate one of the Committee members as the Chair of this Committee. Members of the Compensation Committee may be removed by the Board of Directors. The Compensation Committee has the authority to retain and terminate advisors to assist in discharging its duties, including the authority to approve such advisors' fees and retention terms. A majority in number of the members of the Compensation Committee shall be a quorum to transact business.

Committee Authority and Responsibilities

In discharging its responsibilities for management organization, performance, compensation and succession, the Compensation Committee shall have direct responsibility to:

1. Hold such regular meetings as may be necessary and such special meetings as may be called by the Chairman of the Compensation Committee.
2. Consider and authorize the compensation philosophy for the Company's personnel.
3. Review and approve corporate goals and objectives relevant to chief executive officer and executive officer compensation, evaluate 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), determine and approve chief executive officer and executive officer compensation based on this evaluation.
4. Review and approve 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.
5. Annually review and approve perquisites for the chief executive officer and executive officers.
6. Consider and approve the report of the Compensation Committee for inclusion in the Company's proxy statement.
7. Make recommendations to the Board of Directors with respect to the Company's employee benefit plans.
8. Administer incentive, deferred compensation and equity based plans.

9. Annually review and update this Charter for consideration by the Board of Directors.
10. Annually evaluate performance and function of the Compensation Committee.
11. Report the matters considered and actions taken by the Compensation Committee to the Board of Directors.
12. Maintain minutes or other records of meetings and activities of the Compensation Committee.
13. Review the powers of the Compensation Committee annually and reporting and making recommendations to the Board of Directors on these responsibilities.

Nothing in this Charter shall be construed as precluding discussions of chief executive officer and executive officer compensation with the Board of Directors generally, as it is not the intent of this Charter to impair communication among members of the Board of Directors.

Effective: July 11, 2007