

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark one):

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the quarterly period ended December 31, 1999

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 0-22175

EMCORE CORPORATION
(Exact name of Registrant as specified in its charter)

NEW JERSEY
(State or other jurisdiction of incorporation or organization)

22-2746503
(IRS Employer Identification No.)

394 ELIZABETH AVENUE
SOMERSET, NJ 08873
(Address of principal executive offices) (zip code)

(732) 271-9090
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes:[X] No:[]

As of February 1, 2000 there were 14,416,511 shares of the registrant's no par value common stock outstanding.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

EMCORE CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

<TABLE>
<CAPTION>

	THREE MONTHS ENDED DECEMBER 31,	
	1999	1998
<S>	<C>	<C>
Revenues:		
Systems-related	\$ 11,977	\$ 7,286
Materials-related	4,524	2,839
Total revenues	16,501	10,125
Cost of revenues:		
Systems-related	7,518	4,288
Materials-related	2,260	1,728
Total cost of revenues	9,778	6,016

Gross profit	6,723	4,109
Operating expenses:		
Selling, general and administrative	4,724	3,143
Goodwill amortization	1,098	1,099
Research and development	4,708	5,924
	-----	-----
Total operating expenses	10,530	10,166
	-----	-----
Operating loss	(3,807)	(6,057)
Other (income) expense:		
Stated interest (income) expense, net	(78)	230
Imputed warrant interest expense, non-cash	163	316
Equity in net loss of unconsolidated affiliates	2,766	276
	-----	-----
Total other expense	2,851	822
	-----	-----
Net loss	(\$ 6,658)	(\$ 6,879)
	=====	=====
PER SHARE DATA:		
Net loss per basic and diluted share (see note 4)	(\$ 0.49)	(\$ 0.74)
	-----	-----
Weighted average basic and diluted shares outstanding used in per share data calculations	13,740	9,390
	-----	-----

</TABLE>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

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EMCORE CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE DATA)

<TABLE>
<CAPTION>

	AT DECEMBER 31,	AT SEPTEMBER 30,
	1999	1999
	-----	-----
	(UNAUDITED)	(UNAUDITED)
	<C>	<C>
<S>		
	ASSETS	
Current assets:		
Cash and cash equivalents.....	\$ 2,722	\$ 7,165
Accounts receivable, net of allowance for doubtful accounts of \$667 and \$563 at December 31, 1999 and September 30, 1999, respectively.....	13,109	11,423
Accounts receivable, related party	2,440	2,480
Inventories, net	18,833	13,990
Other current assets	527	389
	-----	-----
Total current assets	37,631	35,447
Property, plant and equipment, net	48,354	46,282
Goodwill, net	4,028	5,126
Investments in unconsolidated affiliates	6,747	9,496
Other assets, net	3,179	3,260
	-----	-----
Total assets	\$ 99,939	\$ 99,611
	=====	=====
	LIABILITIES & SHAREHOLDERS' EQUITY	
Current liabilities:		
Accounts payable	\$ 11,591	\$ 5,359
Accrued expenses	5,257	4,173
Advanced billings.....	3,757	4,350
Capital lease obligations - current.....	546	713
Other current liabilities.....	162	162
	-----	-----
Total current liabilities	21,313	14,757
Convertible subordinated debenture	7,800	7,800
Capital lease obligations, net of current portion	121	141

Other liabilities	1,097	1,097
Total liabilities	30,331	23,795
Mandatorily redeemable, convertible preferred stock, 657,143 shares issued and outstanding at December 31, 1999, (redeemable at maturity for \$9,200), 1,030,000 shares issued and outstanding at September 30, 1999 (redeemable at maturity for \$14,420)	9,100	14,193
SHAREHOLDERS' EQUITY:		
Preferred stock, \$.0001 par value, 5,882,353 shares authorized	--	--
Common stock, no par value, 50,000,000 shares authorized, 13,795,694 shares issued and outstanding at December 31, 1999; 13,353,807 shares issued and outstanding at September 30, 1999	158,023	152,426
Accumulated deficit	(90,017)	(83,256)
Notes receivable from warrant issuances and stock sales	(7,498)	(7,547)
Total shareholders' equity	60,508	61,623
Total shareholders' equity and mandatorily redeemable, convertible preferred stock	69,608	75,816
Total liabilities, shareholders' equity and mandatorily redeemable, convertible preferred stock	\$ 99,939	\$ 99,611

</TABLE>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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EMCORE CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)
(UNAUDITED)

<TABLE>
<CAPTION>

	THREE MONTHS ENDED DECEMBER 31,	
	1999	1998
<S>	<C>	<C>
OPERATING ACTIVITIES:		
Net loss	(\$ 6,658)	(\$ 6,879)
Adjustments to reconcile net loss to net cash provided by (used for) operating activities:		
Depreciation and amortization	3,870	2,746
Provision for doubtful accounts	120	60
Provision for inventory valuation	360	30
Detachable warrant accretion and debt issuance cost amortization	163	313
Equity in net loss of unconsolidated affiliates	2,766	276
Deferred gain on sales to an unconsolidated affiliate	--	711
Compensatory stock issuances	93	93
Change in assets and liabilities:		
Accounts receivable - trade	(1,802)	2,825
Accounts receivable - related parties	40	(2,017)
Inventories	(5,235)	(68)
Other current assets	(109)	(83)
Other assets	(126)	184
Accounts payable	6,231	(2,894)
Accrued expenses	1,084	(643)
Advanced billings	(593)	2,123
Other liabilities	--	(53)
Total adjustments	6,862	3,603
Net cash provided by (used for) operating activities	204	(3,276)
INVESTING ACTIVITIES:		
Purchase of property, plant, and equipment	(4,801)	(5,972)
Investment in unconsolidated affiliates	(17)	(5,600)
Payments of restricted cash	--	63

Net cash used for investing activities	(4,818)	(11,509)
--	---------	----------

</TABLE>

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<TABLE>
<CAPTION>

FINANCING ACTIVITIES:

<S>	<C>	<C>
Proceeds from preferred stock offering, net of \$500 issue costs	--	21,200
Payments under notes payable - related party, net	--	(7,000)
Payments under bank loans	--	(2,000)
Payments on capital lease obligations	(188)	(129)
Proceeds from exercise of stock options	233	38
Dividends paid on preferred stock	(66)	--
Proceeds from exercise of stock purchase warrants	143	--
Proceeds from shareholders' notes receivable	49	--
	-----	-----
Net cash provided by financing activities	171	12,109
	-----	-----
Net decrease in cash and cash equivalents	(4,443)	(2,676)
Cash and cash equivalents, beginning	7,165	4,456
	-----	-----
Cash and cash equivalents, ending	\$ 2,722	\$ 1,780
	=====	=====

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during the period for interest	\$ 173	\$ 334
	=====	=====

</TABLE>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

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EMCORE CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED SEPTEMBER 30, 1998 AND 1999
AND THE THREE MONTHS ENDED DECEMBER 31, 1999
(UNAUDITED)
(IN THOUSANDS)

<TABLE>
<CAPTION>

	COMMON STOCK		ACCUMULATED	SHAREHOLDERS'	TOTAL
	SHARES	AMOUNT	DEFICIT	NOTES RECEIVABLE	SHAREHOLDERS' EQUITY
<S>	<C>	<C>	<C>	<C>	<C>
BALANCE AT SEPTEMBER 30, 1997	6,000	\$ 45,817	(\$23,777)	(\$ 209)	\$ 21,831
Issuance of common stock purchase warrants	--	1,310	--	--	1,310
Issuance of common stock on exercise of warrants in exchange for notes receivable	1,828	7,458	--	(7,458)	--
Issuance of common stock and common stock purchase options and warrants in connection with the acquisition of MODE	1,462	32,329	--	--	32,329
Stock option exercise	36	83	--	--	83
Stock purchase warrant exercise	6	23	--	--	23
Issuance of common stock on exercise of warrants in exchange for subordinated notes	18	72	--	--	72
Compensatory stock issuance	26	351	--	--	351
Net loss	--	--	(36,419)	--	(36,419)
	-----	-----	-----	-----	-----
BALANCE AT SEPTEMBER 30, 1998	9,376	\$ 87,443	(\$60,196)	(\$ 7,667)	\$ 19,580
	=====	=====	=====	=====	=====
Issuance of common stock from public offering, net of issuance cost of \$5,000	3,000	52,000	--	--	52,000
Stock purchase warrant exercise	322	2,450	--	--	2,450
Issuance of common stock purchase warrants	--	2,596	--	--	2,596
Redemption of shareholders' notes receivable	--	--	--	120	120
Conversion of mandatorily redeemable convertible preferred stock into common stock	520	7,125	--	--	7,125
Compensatory stock issuance	26	436	--	--	436

Stock option exercise	110	376	--	--	376
Preferred stock dividends	--	--	(319)	--	(319)
Periodic accretion of redeemable preferred stock to mandatory redemption value	--	--	(52)	--	(52)
Net loss	--	--	(22,689)	--	(22,689)
	-----	-----	-----	-----	-----
BALANCE AT SEPTEMBER 30, 1999	13,354	\$152,426	(\$83,256)	(\$ 7,547)	\$ 61,623
	=====	=====	=====	=====	=====
Stock purchase warrant exercise	35	143	--	--	143
Redemption of notes receivable from shareholders .	--	--	--	49	49
Conversion of mandatorily redeemable convertible preferred stock into common stock	373	5,128	--	--	5,128
Compensatory stock issuances	5	93	--	--	93
Stock option exercise	29	233	--	--	233
Preferred stock dividends	--	--	(66)	--	(66)
Periodic accretion of redeemable preferred stock to mandatory redemption value	--	--	(37)	--	(37)
Net loss	--	--	(6,658)	--	(6,658)
	-----	-----	-----	-----	-----
BALANCE AT DECEMBER 31, 1999	13,796	\$158,023	(\$90,017)	(\$ 7,498)	\$ 60,508
	=====	=====	=====	=====	=====

</TABLE>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

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EMCORE CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. INTERIM FINANCIAL INFORMATION AND DESCRIPTION OF BUSINESS

The accompanying unaudited condensed consolidated financial statements of EMCORE Corporation (the "Company") reflect all adjustments considered necessary by management to present fairly the Company's consolidated financial position as of December 31, 1999, and the consolidated results of operations and the consolidated cash flows for the three-month periods ended December 31, 1999 and 1998. All adjustments reflected in the accompanying unaudited condensed consolidated financial statements are of a normal recurring nature unless otherwise noted. Prior period balances have been reclassified to conform with the current period financial statement presentation. The results of operations for the three-month period ended December 31, 1999 are not necessarily indicative of the results for the fiscal year ending September 30, 2000 or any future interim period.

EMCORE has two reportable operating segments: the systems-related business unit and the materials-related business unit. The systems-related business unit designs, develops and manufactures tools and manufacturing processes used to fabricate compound semiconductor wafer and devices. Revenues for the systems-related business unit consist of sales of EMCORE's TurboDisc production systems as well as spare parts and services. Our systems-related business unit assists our customers with device design, process development and optimal configuration of TurboDisc production systems. The materials-related business unit designs, develops and manufactures compound semiconductor materials. Revenues for the materials-related business unit include sales of semiconductor wafers, devices and process development technology. EMCORE's vertically-integrated product offering allows it to provide a complete compound semiconductor solution to its customers. The segments reported are the segments of the Company for which separate financial information is available and for which gross profit amounts are evaluated regularly by executive management in deciding how to allocate resources and in assessing performance. The Company does not allocate assets or operating expenses to the individual operating segments. There are no intercompany sales transactions between the two operating segments. Available segment information has been presented in the Statement of Operations.

NOTE 2. JOINT VENTURES

In May 1999, General Electric Lighting and the Company formed GELcore, a joint venture to develop and market High Brightness Light-Emitting Diode (HB LED) lighting products. General Electric Lighting and the Company have agreed that this joint venture will be the exclusive vehicle for each party's participation in solid state lighting. Under the terms of the joint venture agreement, the Company has a 49% non-controlling interest in the GELcore venture

and accounts for its investment under the equity method of accounting. For the three-month period ended December 31, 1999, the Company recognized a loss of \$1.3 million related to this venture which has been recorded as a component of other income and expense. As of December 31, 1999, the Company's investment in this venture amounted to \$4.0 million.

In December 1997, the Company and a subsidiary of Uniroyal Technology Corporation formed Uniroyal Optoelectronics LLC, a joint venture, to manufacture, sell and distribute HB LED wafers and package-ready devices. For the three months ended December 31, 1999, the Company recognized a loss of \$1.4 million related to this venture, which has been recorded as a component of other income and expense. As of December 31, 1999, the Company's investment in this venture amounted to \$2.2 million.

EMCORE CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3. INVENTORIES

The components of inventories, net of reserves, consisted of the following:

(Amounts in thousands)	AS OF DECEMBER 31, 1999 -----	AS OF SEPTEMBER 30, 1999 -----
Raw materials	\$11,026	\$ 9,146
Work-in-process	4,945	3,620
Finished goods	2,862	1,224
	-----	-----
Total	\$18,833	\$13,990
	=====	=====

NOTE 4. EARNINGS PER SHARE

The Company accounts for earnings per share under the provision of Statement of Financial Accounting Standards No. 128 "Earnings per share". Basic earnings per common share were calculated by dividing net loss by the weighted average number of common stock shares outstanding during the period. The effect of outstanding common stock purchase options and warrants, the number of shares available to be issued upon the conversion of the Company's Series I Preferred Stock and the number of shares to be issued upon conversion of the convertible subordinated debenture have been excluded from the earnings per share calculation since the effect of such securities are anti-dilutive. The following table reconciles the number of shares utilized in the earnings per share calculations for the three month-periods ending December 31, 1999 and 1998, respectively.

<TABLE>
<CAPTION>

	THREE MONTHS ENDED DECEMBER 31, -----	
	1999	1998
	----	----
<S>	<C>	<C>
Net loss	(\$ 6,658)	(\$ 6,879)
Preferred stock dividends	(66)	(36)
Periodic accretion of redeemable preferred stock to mandatory redemption value.....	(37)	(6)
	-----	-----
Net loss attributable to common shareholders	(\$ 6,761)	(\$ 6,921)
	=====	=====
Net loss per basic and diluted share	(\$ 0.49)	(\$0.74)
	=====	=====
Weighted average of outstanding common shares		
- basic	13,740	9,390
Effect of dilutive securities:		

Stock option and warrants	--	--
Preferred stocks	--	--
Convertible subordinated debenture	--	--
	-----	-----
Weighted average of outstanding common shares		
- diluted	13,740	9,390
	=====	=====

</TABLE>

EMCORE CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5. PREFERRED STOCK CONVERSION

On November 30, 1998, the Company sold an aggregate of 1,550,000 shares of Series I Redeemable Convertible Preferred Stock ("the Series I Preferred Stock") for aggregate consideration of \$21.7 million before deducting costs and expenses, which amounted to approximately \$500,000. The Series I Preferred Stock was recorded net of issuance costs. The excess of the preference amount over the carrying value is being accreted by periodic charges to accumulated deficit. The shares of Series I Preferred Stock are convertible, at any time, at the option of the holders thereof, unless previously redeemed, into shares of common stock at an initial conversion price of \$14.00 per share of common stock, subject to adjustment in certain cases. The market price of the Company's common stock was \$12.875 on the date the Series I Preferred Stock was issued. The Series I Preferred Stock is redeemable, in whole or in part, at the option of the Company at any time the Company's stock has traded at or above \$28.00 per share for 30 consecutive trading days, at a price of \$14.00 per share, plus accrued and unpaid dividends, if any, to the redemption date. The Series I Preferred Stock carries a dividend of 2% per annum. Dividends are being charged to accumulated deficit. In addition, the Series I Preferred Stock is subject to mandatory redemption by the Company at \$14.00 per share plus accumulated and unpaid dividends, if any, on November 17, 2003. In June 1999, 520,000 shares of Series I Redeemable Convertible Preferred Stock were converted to common stock. In December 1999, 372,857 shares of Series I Redeemable Convertible Preferred Stock were converted to common stock.

NOTE 6. DEBT FACILITIES

In March 1997, the Company entered into a \$10.0 million loan agreement with First Union National Bank (the "Loan Agreement") that had an interest rate of prime plus 50 basis points. As of September 30, 1999, there were no amounts outstanding under this facility. The Loan Agreement contains financial covenants, which, among other things, require maintenance of certain financial ratios, liquidity and net worth. In December 1999, the Loan Agreement was extended through January 31, 2001. The Loan Agreement's financial covenants were modified under the third amendment, and management believes that the Company will be able to comply with such requirements throughout fiscal year 2000. The Company was in compliance with all covenants at December 31, 1999. No amounts were outstanding under this facility at December 31, 1999.

NOTE 7. RELATED PARTIES

In connection with the Chairman's guarantee of the Company's bank facility through September 1999 and subsequent extension of that facility until a new bank line was secured by the Company in December 1999, the Board of Directors has approved the granting of up to 300,000 warrants to the Chairman in return for his guarantee and several bridge loans.

The President of Hakuto Co. Ltd. ("Hakuto"), the Company's Asian distributor, is a member of the Company's Board of Directors and Hakuto is a minority shareholder of the Company. During the three months ended December 31, 1999 and 1998, sales made through Hakuto amounted to approximately \$2.0 million and \$3.1 million, respectively.

EMCORE CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8. SUBSEQUENT EVENTS

SHELF REGISTRATION

On January 19, 2000, the Company filed a shelf registration statement with the Securities and Exchange Commission to offer from time to time up to 2 million shares of common stock. This registration statement became effective on February 4th, 2000.

PREFERRED STOCK CONVERSION

Subsequent to December 31, 1999, the remaining outstanding 657,143 shares of Series I Redeemable Convertible Preferred Stock were converted to common stock.

DEBT FACILITIES

In January 2000, the Company borrowed a total of \$4.0 million under the Loan Agreement at an annual interest rate equal to the Prime Rate plus fifty basis points or 9.0%.

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EMCORE CORPORATION

ITEM 2.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CAUTIONARY STATEMENT IDENTIFYING IMPORTANT FACTORS THAT COULD CAUSE EMCORE'S ACTUAL RESULTS TO DIFFER FROM THOSE PROJECTED IN FORWARD-LOOKING STATEMENTS:

In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, you are advised that this report contains both statements of historical facts and forward looking statements.

This report includes forward-looking statements that reflect current expectations or beliefs of EMCORE concerning future results and events. The words "expects," "intends," "believes," "anticipates," "likely," "will", and similar expressions identify forward-looking statements. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results and events to differ materially from those anticipated in the forward-looking statements. Factors that might cause such a difference include, but are not limited to, delays in developing and commercializing new products; cancellations, rescheduling or delays in product shipments; delays in obtaining export licenses for product shipments; the uncertainty of additional funding; continued acceptance of our MOCVD technologies; operations and performance of our joint ventures; our ability to achieve and implement the planned enhancements of products and services on a timely and cost effective basis and customer acceptance of those product introductions; product obsolescence due to advances in technology and shifts in market demand; competition and resulting price pressures; labor actions against EMCORE's customers or vendors; difficulties in obtaining licenses on commercially reasonable terms necessary to manufacture and sell certain of our products; economic and stock market conditions, particularly in the U.S., Europe and Asia, and their impact on sales of our products and services; and such other risk factors as may have been or may be included from time to time in EMCORE's reports filed with the Securities and Exchange Commission.

OVERVIEW:

EMCORE designs, develops and manufactures compound semiconductor materials and is a leading developer and manufacturer of the tools and manufacturing processes used to fabricate compound semiconductor wafers and devices. EMCORE's products are used for a wide variety of applications in the communications (satellite, data, telecommunications and wireless), consumer and automotive electronics, computers and peripherals and lighting markets. EMCORE provides its customers with a broad range of compound semiconductor products and services intended to meet their diverse technology requirements.

EMCORE has developed extensive materials science expertise, process technology and MOCVD production systems to address its customers' needs and believes that its proprietary TurboDisc(R) deposition technology makes possible one of the most cost-effective production processes for the commercial volume

manufacture of high-performance compound semiconductor wafers and devices. This platform technology provides the basis for the production of various types of compound semiconductor wafers and devices and enables EMCORE to address the critical need of manufacturers to cost-effectively get to the market faster with high volumes of new and improved high-performance products. EMCORE's compound semiconductor products and services include:

- o development of materials and processes;
- o design and development of devices;
- o fabrication and assembly of MOCVD production systems; and
- o manufacture of wafers and devices in high volumes.

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EMCORE CORPORATION

OVERVIEW - (CONTINUED):

Customers can take advantage of EMCORE's vertically integrated approach by purchasing custom-designed wafers and devices from EMCORE or they can manufacture their own devices in-house using a TurboDisc production system configured to their specific needs. Our customers include Agilent Technologies Ltd., AMP, Inc., Hewlett Packard Co., General Motors Corp., Hughes-Spectrolab, Lucent Technologies, Inc., Motorola, Inc., Siemens AG's Osram GmbH subsidiary and 12 of the largest electronics manufacturers in Japan.

EMCORE has recently established a number of strategic relationships through joint ventures, long-term supply agreements and an acquisition in order to facilitate the development and manufacture of new products in targeted growth areas. These strategic relationships are summarized below:

- o In May 1999, EMCORE and General Electric Lighting formed GELcore, a joint venture to develop and market HB LED lighting products. General Electric Lighting and EMCORE have agreed that this joint venture will be the exclusive vehicle for each party's participation in solid state lighting. GELcore seeks to combine EMCORE's materials science expertise, process technology and compound semiconductor production systems with General Electric Lighting's brand name recognition and extensive marketing and distribution capabilities. GELcore's long-term goal is to develop products to replace traditional lighting. EMCORE has invested \$7.8 million in GELcore and has seconded various employees to the joint venture to assist in the development of products;
- o In May 1999, EMCORE signed a long-term agreement with Sumitomo Electric Industries, Ltd., located in Hyogo, Japan, to jointly develop and produce Indium Gallium Phosphide ("InGaP") epitaxial wafers for use as HBT devices used in digital wireless and cellular applications. Sumitomo Electric is one of the world's leading electronics manufacturers. These advanced compound semiconductor HBT wafers will be produced at EMCORE's E2M wafer foundry in Somerset, New Jersey, and shipments of commercial product are expected to begin in February 2000;
- o In November 1998, EMCORE signed a long-term supply agreement with Space Systems/Loral, a wholly owned subsidiary of Loral Space & Communications. Under this agreement, EMCORE will supply compound semiconductor high-efficiency gallium arsenide solar cells for Loral's satellites. EMCORE received purchase orders from Space Systems/Loral that total \$7.2 million and will service this agreement through our newly completed facility in Albuquerque, New Mexico. EMCORE started shipping solar cells in December 1999 and a majority of the solar cell shipments are scheduled for the second fiscal quarter ended March 31, 2000. This facility presently employs approximately 68 people, including sales and marketing, administrative and manufacturing personnel;
- o In November 1998, EMCORE formed UMCORE, a joint venture with Union Miniere Inc., a mining and materials company, to explore and develop alternate uses for germanium using EMCORE's materials science and production platform expertise and Union Miniere's access to and experience with germanium. EMCORE has seconded various personnel to the joint venture to assist in the development of products;
- o In October 1998, EMCORE formed Emtech, a joint venture with Optek Technology, Inc., a packager and distributor of optoelectronic devices, to market an expanded line of magneto resistive sensors to the automotive and related industries. This joint venture combines EMCORE's expertise in the manufacture of magneto resistive die and

Optek's expertise in packaging these die. This combination will allow us to offer customers off-the-shelf products. No additional personnel are anticipated to meet the obligations to the joint venture;

EMCORE CORPORATION

OVERVIEW - (CONTINUED):

- o In September 1998, EMCORE entered into an agreement with Lockheed Martin to provide technical management and support for the commercialization of a new high-efficiency solar cell. It is anticipated that we will provide high efficiency solar cells to Lockheed Martin upon completion of the research and development agreement. EMCORE's new facility in Albuquerque, New Mexico will provide the support necessary to meet our obligations under this agreement;
- o In September 1998, EMCORE signed a four-year purchase agreement with AMP Incorporated to provide high speed VCSELS, for use in transceivers for high-speed networks that link computers. The contract requires AMP to purchase a minimum of 80% of their VCSEL needs from EMCORE. EMCORE's MODE facility in Albuquerque, New Mexico will produce the devices under this contract;
- o In December 1997, the Company and a wholly owned subsidiary of Uniroyal Technology Corporation formed Uniroyal Optoelectronics LLC, a joint venture, to manufacture, sell and distribute HB LED wafers and package-ready devices. This joint venture commenced operations in July 1998. EMCORE has invested \$6.0 million in Uniroyal Optoelectronics and has seconded various employees to the joint venture to assist in the development of products; and
- o In December 1997, EMCORE acquired MicroOptical Devices, Inc. ("MODE") in a stock transaction accounted for under the purchase method of accounting for a purchase price of \$32.8 million. This acquisition allowed EMCORE to expand its technology base into the data communications and telecommunications markets. MODE, a development stage company, constituted a significant and strategic investment for EMCORE to acquire and gain access to MODE's in-process research and development of micro-optical technology. As part of this acquisition, EMCORE incurred a one-time in-process research and development write-off of \$19.5 million. EMCORE also recorded goodwill of approximately \$13.2 million, which is being charged against operations over a three-year period, and will therefore impact financial results through December 2000. These operations are located in Albuquerque, New Mexico and currently employ approximately 42 people including sales and marketing, administrative and manufacturing personnel.

Because EMCORE does not have a controlling economic and voting interest in the General Electric Lighting, Uniroyal Technology, Union Miniere and Optek joint ventures, EMCORE accounts for these joint ventures under the equity method of accounting and, as such, our share of profits and losses are included below the operating income line in our statements of operations.

EMCORE has generated a significant portion of its sales to customers outside the United States. In fiscal 1997, 1998 and 1999, international sales constituted 42.0%, 39.1% and 52.5%, respectively, of revenues. For the three months ended December 31, 1999, international sales constituted 48.1% of revenues. In fiscal year 1999 and the first quarter of fiscal year 2000, the majority of EMCORE's international sales were made to customers in Asia. EMCORE's sales revenues from Europe have fluctuated because most of our sales of TurboDisc systems are to a limited number of customers, who do not purchase production systems regularly. EMCORE anticipates that international sales will continue to account for a significant portion of revenues. Historically, EMCORE has received all payments for products and services in U.S. dollars. EMCORE does not anticipate that Europe's Euro-currency conversion will have a material effect on its financial condition or results of operations.

EMCORE CORPORATION

OVERVIEW - (CONTINUED):

The following chart contains a breakdown of EMCORE's worldwide revenues and percentages by geographic region.

<TABLE>
<CAPTION>

FOR THE FISCAL YEARS ENDED SEPTEMBER 30,								
	1997		1998		1999		THREE MONTHS ENDED 12/31/99	
	REVENUE	%	REVENUE	%	REVENUE	%	REVENUE	%
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
REGION								
North America	\$27,690	58%	\$26,648	61%	\$27,698	48%	\$ 8,572	52%
Asia	14,584	31%	15,527	35%	28,211	48%	4,575	28%
Europe	5,478	11%	1,585	4%	2,432	4%	3,354	20%
TOTAL	\$47,752	100%	\$43,760	100%	\$58,341	100%	\$16,501	100%
	=====	=====	=====	=====	=====	=====	=====	=====

</TABLE>

As of December 31, 1999, EMCORE had an order backlog of \$46.6 million scheduled to be shipped through December 31, 2000. This represented an increase of 8% since September 30, 1999. EMCORE includes in backlog only customer purchase orders that have been accepted by EMCORE and for which shipment dates have been assigned within the 12 months to follow and research contracts that are in process or awarded. Wafer and device agreements extending longer than one year in duration are included in backlog only for the ensuing 12 months. EMCORE receives partial advance payments or irrevocable letters of credit on most production system orders.

EMCORE has two reportable operating segments: the systems-related business unit and the materials-related business unit. The systems-related business unit designs, develops and manufactures tools and manufacturing processes used to fabricate compound semiconductor wafer and devices. Revenues for the systems-related business unit consist of sales of EMCORE's TurboDisc production systems as well as spare parts and services. Our systems-related business unit assists our customers with device design, process development and optimal configuration of TurboDisc production systems. The materials-related business unit designs, develops and manufactures compound semiconductor materials. Revenues for the materials-related business unit include sales of semiconductor wafers, devices and process development technology. EMCORE's vertically-integrated product offering allows it to provide a complete compound semiconductor solution to its customers. The Company does not allocate assets or operating expenses to the individual operating segments. There are no intercompany sales transactions between the two operating segments. The Company's reportable operating segments are business units that offer different products. The reportable segments are each managed separately because they manufacture and distribute distinct products and services.

EMCORE CORPORATION

RESULTS OF OPERATIONS:

COMPARISON OF THREE-MONTH PERIODS ENDED DECEMBER 31, 1998 AND 1999

REVENUES. EMCORE's revenues increased 63.0% from \$10.1 million for the three-month period ended December 31, 1998 to \$16.5 million for the three-month period ended December 31, 1999. The increase was attributable to increased revenues in both the systems-related and materials related product lines. Revenues from systems-related sales and materials-related sales were \$7.3 million and \$2.8 million, respectively, for the three-month period ended December 31, 1998 and \$12.0 million and \$4.5 million, respectively, for the three-month period ended December 31, 1999. As a percentage of revenues, systems- and materials-related revenues accounted for 72.0% and 28.0%, respectively, for the three-month period ended December 31, 1998 and 72.6% and 27.4%, respectively, for the three-month period ended December 31, 1999. EMCORE expects the product mix between systems and materials to approach 50% as new products, such as solar cells, VCSELs and HBTs are introduced and production of commercial volumes of these materials commences. International sales accounted for 35.1% of revenues for the three-month period ended December 31, 1998 and 48.1% of revenues for the three-month period ended December 31, 1999.

COST OF REVENUES/GROSS PROFIT. Cost of sales includes direct material and labor costs, allocated manufacturing and service overhead and installation and warranty costs. EMCORE's gross profit increased 63.6% from \$4.1 million for the three-month period ended December 31, 1998 to \$6.7 million for the three-month period ended December 31, 1999. As a percentage of revenue, gross profit increased slightly from 40.6% of revenue for the three-month period ended December 31, 1998 to 40.7% of revenue for the three-month period ended December 31, 1999. During the three-month period ended December 31, 1998, EMCORE sold two compound semiconductor production systems for approximately \$3.0 million to a joint venture in which it has a 49% minority interest. EMCORE deferred \$711,000 of gross profit on such sales. Such deferred gross profit will be recognized ratably over the assigned life of the production systems purchased by the joint venture.

SELLING, GENERAL AND ADMINISTRATIVE. Selling, general and administrative expenses increased by 50.3% from \$3.1 million for the three-month period ended December 31, 1998 to \$4.7 million for the three-month period ended December 31, 1999. A significant portion of the increase was largely due to increases in sales personnel headcount to support domestic and foreign markets and headcount additions to sustain internal administrative support. As a percentage of revenue, selling, general and administrative expenses decreased from 31.0% for the three-month period ended December 31, 1998 to 28.6% for the three-month period ended December 31, 1999.

GOODWILL AMORTIZATION. Goodwill of \$13.2 million was recorded in connection with our acquisition of MODE on December 5, 1997. EMCORE recognized approximately \$1.1 million of goodwill amortization for the three-month periods ended December 31, 1998 and 1999. As of December 31, 1999, EMCORE had approximately \$4.0 million of net goodwill remaining, which will be fully amortized by December 2000.

RESEARCH AND DEVELOPMENT. Research and development expenses decreased 20.5% from \$5.9 million in the three-month period ended December 31, 1998 to \$4.7 million in the three-month period ended December 31, 1999. As a percentage of revenue, research and development expenses decreased from 58.5% for the three-month period ended December 31, 1998 to 28.5% for the three-month period ended December 31, 1999. The decrease in research and development spending was primarily attributable to new products being introduced. To maintain growth and to continue to pursue market leadership in materials science technology, EMCORE expects to continue to invest a significant amount of its resources in research and development.

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EMCORE CORPORATION

RESULTS OF OPERATIONS: (CONTINUED)

OPERATING LOSS. EMCORE reported a 37.1% decrease in operating loss from \$6.1 million for the three-month period ended December 31, 1998, to an operating loss of \$3.8 million for the three-month period ended December 31, 1999. The change in operating loss was principally due to increased revenues and gross profit. During the three-month period ended December 31, 1998, EMCORE deferred \$711,000 of gross profit on two compound semiconductor production systems sold to a joint venture in which it has a 49% minority interest. In addition, EMCORE's operating loss in 1998 was impacted by increased research and development spending, the loss generated from the operations of MODE and the startup expenses associated with the opening of EMCORE's new Albuquerque, New Mexico facility.

OTHER EXPENSE. During fiscal year 1996, EMCORE issued 2,575,883 detachable warrants along with subordinated notes to certain of its existing shareholders. EMCORE subsequently assigned a value to these detachable warrants issued using the Black-Scholes option-pricing model. EMCORE recorded the subordinated notes at a carrying value that was subject to periodic accretions, using the interest method. In June 1998, EMCORE issued 284,684 warrants to its Chairman and its Chief Executive Officer for providing a guarantee in connection with an \$8.0 million 18-month credit facility with First Union National Bank entered into in 1998. EMCORE also assigned a value to these warrants using the Black-Scholes option-pricing model. The consequent expense of the subordinated note accretion and warrant value amortization was charged to "Imputed warrant interest, non-cash" and was approximately \$316,000 for the three months ended December 31, 1998. The subordinated notes and the 18-month credit facility were repaid using a portion of the proceeds from the public offering, which was completed in June 1999.

In order to fund its initial capital contribution for GELcore, EMCORE borrowed \$7.8 million from General Electric in the form of a convertible subordinated debenture (the "Debenture"), with an interest rate of 4.75% and a

May 2006 maturity date. In connection with the funding of EMCORE's initial capital contribution, General Electric received 282,010 warrants to purchase common stock at \$22.875 per share. These warrants are exercisable at any time and will expire in 2006. EMCORE subsequently assigned a value to these warrants using the Black-Scholes option-pricing model. The warrant value of \$2.6 million is included in other assets and is being amortized over seven years. The consequent expense of the warrant amortization is charged to "Imputed warrant interest, non-cash" and amounted to approximately \$163,000 for the three-month period ended December 31, 1999.

For the three-month period ended December 31, 1999, stated interest decreased by 133.9% from net interest expense of \$230,000 to net interest income of \$78,000. In June 1999, EMCORE completed the issuance of an additional 3.0 million common stock shares through a public offering, which resulted in proceeds of \$52.0 million, net of issuance costs. A significant portion of the proceeds was used to repay all outstanding bank loans and subordinated notes, thereby reducing interest expense and generating interest income on the retained proceeds.

Because EMCORE does not have a controlling economic and voting interest in the General Electric Lighting, Uniroyal Technology and Union Miniere joint ventures, EMCORE accounts for these joint ventures under the equity method of accounting. For the three-month period ended December 31, 1998, EMCORE incurred a net loss of \$276,000 related to the Uniroyal joint venture. For the three-month period ended December 31, 1999, EMCORE incurred a net loss of \$1.3 million related to the GELcore joint venture, a \$1.4 million net loss related to the Uniroyal joint venture and a \$27,000 net loss related to the UMCORE joint venture.

INCOME TAXES. As a result of its losses, EMCORE did not incur any income tax expense in both the three-month periods ended December 31, 1998 and 1999.

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NET LOSS. EMCORE reported a \$200,000 decrease in net loss from \$6.9 million for the three-month period ended December 31, 1998, to a net loss of \$6.7 million for the three-month period ended December 31, 1999. The decrease in net loss was primarily attributable to the increase in gross profit offset by an increase in the net loss from unconsolidated affiliates.

EMCORE CORPORATION

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents decreased by \$4.4 million from \$7.1 million at September 30, 1999 to \$2.7 million at December 31, 1999. For the three-month period ended December 31, 1999, net cash provided by operations amounted to \$204,000, primarily due to an increase in accounts payable and the non-cash charges related to equity in net loss from unconsolidated affiliates offset by an increase in inventory and by EMCORE's net loss. Net cash used for investment activities amounted to \$4.8 million, primarily due to the purchase and manufacture of new equipment for the facilitation of EMCORE's wafer and device product lines, and clean room modifications and enhancements. Net cash provided by financing activities for the three-month period ended December 31, 1999 amounted to approximately \$171,000.

In March 1997, EMCORE entered into a \$10.0 million loan agreement with First Union National Bank (the "Loan Agreement") that had an interest rate of prime plus 50 basis points. As of September 30, 1999, there were no amounts outstanding under this facility. The Loan Agreement contains financial covenants, which, among other things, require maintenance of certain financial ratios, liquidity and net worth. In December 1999, the Loan Agreement was extended through January 31, 2001. The Loan Agreement's financial covenants were modified under the third amendment, and management believes that EMCORE will be able to comply with such requirements throughout fiscal year 2000. The Company was in compliance with all covenants at December 31, 1999. No amounts were outstanding under this facility at December 31, 1999. In connection with the Chairman's guarantee of EMCORE's bank facility through September 1999 and subsequent extension of that facility until a new bank line was secured by EMCORE in December 1999, the Board of Directors has approved the granting of up to 300,000 warrants to the Chairman in return for his guarantee and several bridge loans. In January 2000, the Company borrowed a total of \$4.0 million at an annual interest rate equal to the Prime Rate plus fifty basis points or 9.0%.

EMCORE believes that its current liquidity, together with available credit, should be sufficient to meet its cash needs for working capital through fiscal year 2000. However, if the available credit facilities, cash generated from operations and cash on hand are not sufficient to satisfy EMCORE's liquidity requirements, EMCORE will seek to obtain additional equity or debt

financing. Additional funding may not be available when needed or on terms acceptable to EMCORE. If EMCORE is required to raise additional financing and if adequate funds are not available or not available on acceptable terms, the ability to continue to fund expansion, develop and enhance products and services, or otherwise respond to competitive pressures will be severely limited. Such a limitation could have a material adverse effect on EMCORE's business, financial condition or operations.

On January 19, 2000, EMCORE filed a shelf registration statement with the Securities and Exchange Commission to offer from time to time up to 2.0 million shares of common stock. This registration statement became effective on February 4, 2000.

In 1992, EMCORE received a royalty bearing, non-exclusive license under a patent held by Rockwell International Corporation which relates to an aspect of the manufacturing process used by TurboDisc systems. In October 1996 EMCORE initiated discussions with Rockwell to receive additional licenses to permit EMCORE to use this technology to manufacture and sell compound semiconductor wafers and devices. In November 1996, EMCORE suspended these negotiations because of litigation surrounding the validity of the Rockwell patent. EMCORE also ceased making royalty payments to Rockwell under the license during the pendency of the litigation. In January 1999, the case was settled and a judgement was entered in favor of Rockwell. As a result, EMCORE may be required to pay royalties to Rockwell for certain of its past sales, of wafers and devices to customers who did not hold licenses directly from Rockwell. Management has reviewed and reassessed the royalty agreements and concluded that it has the appropriate amounts reserved at both December 31, 1999 and September 30, 1999.

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PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Not applicable

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

Not applicable

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable

ITEM 5. OTHER INFORMATION

Not applicable

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) List of Exhibits:

27 - Financial Data Schedule

(b) Reports on Form 8-K:

No reports on Form 8-K were filed during the quarter ended December 31, 1999.

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EMCORE CORPORATION

Date: February 14, 2000 By: /s/ Reuben F. Richards, Jr.

Reuben F. Richards, Jr.
President and Chief Executive Officer

Date: February 14, 2000 By: /s/ Thomas G. Werthan

Thomas G. Werthan
Vice President, Finance and Administration

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