

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

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

Date of Report (Date of earliest event reported) MAY 13, 1999

EMCORE CORPORATION

(Exact name of registrant as specified in charter)

New Jersey

0-22175

22-2746503

State or other
jurisdiction of
incorporation(Commission
File Number)(IRS Employer
Identification No.)

394 Elizabeth Avenue, Somerset, New Jersey

08873

(Address of principal offices)

(Zip Code)

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

(Former name or former address, if changed since last report) NOT APPLICABLE

Item 4. CHANGES IN REGISTRANT'S CERTIFYING ACCOUNTANT.

PricewaterhouseCoopers LLP ("PwC") and one of its predecessors, Coopers & Lybrand L.L.P., have served as the Company's independent public accountants since 1986. On May 13, 1999 the staff of the Securities and Exchange Commission (the "SEC") advised EMCORE that, in its view, because several current and former Price Waterhouse LLP partners owned shares of the Company's common stock, PwC had violated the independence standards promulgated by the SEC. The SEC staff is requiring the Company to change auditors and to have a new accounting firm reaudit its fiscal 1998 financial statements as a result of such violations by PwC.

In connection with the foregoing, on May 13, 1999, the Company engaged Deloitte & Touche LLP as its independent public accountants to reaudit the Company's financial statements for fiscal year 1998 and dismissed PwC as the Company's independent public accountant for fiscal year 1998. Both of these decisions were approved by the audit committee of the Company's Board of Directors.

PwC's report on the Company's financial statements for the two most recent fiscal years did not contain an adverse opinion or a disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope, or accounting principles. In addition, during the Company's two most recent fiscal years and through May 13, 1999, there were no disagreements with PwC on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of PwC, would have caused PwC to make reference to the subject matter of the disagreement in connection with its report.

During the Company's two most recent fiscal years and through May 13, 1999, there have been no reportable events, as defined in Regulation S-K Item 304(a)(1)(v).

Prior to formally being appointed as auditors on May 13, 1999, Deloitte & Touche LLP performed certain audit-related work at the request of the Company as a precaution in the event the SEC staff required the Company to change accountants.

Item 5. OTHER EVENTS.

Attached hereto as Exhibit 99 and incorporated by reference herein is a copy of the press release issued by the Company on May 13, 1999.

Item 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

EXHIBITS

16.1 Letter of PricewaterhouseCoopers LLP, dated May 17, 1999, regarding the Company's change in accountants.

99 Press Release of the Company dated May 13, 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
(Registrant)

By: /s/ Thomas G. Werthan

Thomas G. Werthan
Chief Financial Officer

Dated: May 17, 1999

May 17, 1999

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Commissioners:

We have read the statements made by Emcore Corporation (copy attached), which we understand will be filed with the Commission, pursuant to Item 4 of Form 8-K, as part of the Company's Form 8-K report dated May 17, 1999. We agree with the statements concerning our Firm in such Form 8-K.

Very truly yours,

PricewaterhouseCoopers LLP

FOR IMMEDIATE RELEASE

FOR: EMCORE Corporation
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EMCORE CORPORATION REPORTS RECORD REVENUES OF \$16.1 MILLION

*SEC STAFF REQUIRES EMCORE TO DISMISS ITS AUDITORS
*PricewaterhouseCoopers Loses Independence By Failing To
Dispose Of EMCORE Common Stock

SOMERSET, New Jersey, May 14, 1999 -- EMCORE Corporation (Nasdaq: EMKR) today reported financial results for the second fiscal quarter and six months ended March 31, 1999.

Revenues for the 1999 second quarter increased to \$16.1 million and were the highest in the Company's history. Revenues increased 59% from \$10.1 million in the first fiscal quarter of 1999. Gross margin also improved to 43% compared to 40% in the first quarter of 1999. The Company reported an operating loss of \$704,000, before goodwill, compared to an operating loss of \$5.0 million, before goodwill, in the first quarter of fiscal 1999. Net loss before goodwill was \$2.9 million or \$0.31 per diluted share compared to a net loss before goodwill of \$5.8 million or \$0.62 per diluted share in the first quarter of 1999. Current backlog is \$43.8 million, up approximately \$2 million or 5% from December 31, 1998, and an increase of 68% from September 30, 1998. The current backlog is also the highest in the Company's history.

SG&A increased slightly to \$3.2 million from \$3.1 million in the first quarter of 1999. Research and development expense was \$4.3 million, down from \$5.9 in the 1999 first fiscal quarter.

Revenue for the six months ended March 31, 1999 was \$26.2 million. Net loss before goodwill for the period was \$8.7 million or \$0.92 per diluted share.

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In addition to the highest revenue and backlog in the Company's history, the quarter was highlighted by the announcement of a partnership with General Electric Lighting for solid state lighting products. "Our record revenues and partnership with General Electric Lighting were exciting events for EMCORE this quarter," said Reuben Richards, President and CEO. "We are delighted to be partnered with the world's largest lighting company to develop and market solid state lighting products. Operational performance improved substantially from our first quarter, and, as our different business units begin shipments, we will realize further improvements."

DISMISSAL OF PRICEWATERHOUSECOOPERS

The Company also announced today that the staff of the U.S. Securities and Exchange Commission (SEC) is requiring the Company to dismiss PricewaterhouseCoopers LLP (PWC), the Company's accounting firm of record, due to the staff's determination that PWC had violated auditor independence rules by failing to divest of EMCORE holdings. As a result of the staff's determination, the Company engaged Deloitte & Touche to reaudit its 1998 financial statements and provide an independent opinion. The Company believes there will be no changes in the financial results based on the reaudit.

The staff charge finding on the independence issue arose from the merger of two accounting firms, Coopers & Lybrand and Price Waterhouse in 1998. Coopers and Lybrand started as EMCORE's auditors in 1986 and have audited EMCORE's financial statements through the time of the merger with Price Waterhouse in 1998. They continued to be engaged as EMCORE's auditors under the merged Company, PWC. Several Price Waterhouse partners held stock before the merger and according to the SEC, some of them continued to hold stock during the audit. The SEC auditor independence rules prohibit employees of an accounting firm from owning shares of a publicly held company for which they are performing audit work.

IN-PROCESS R&D

In a separate matter, in connection with the filing of a Registration Statement with the SEC for a public offering of common stock, the SEC is requiring new methodologies in the accounting treatment for in-process research and development (IPR&D) charges related to acquisitions accounted for under the purchase method of accounting. EMCORE (like many other technology companies) reduced its initial in-process research and development charges recorded during fiscal 1998 related to

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the acquisition of MODE and adjusted the related amortization of intangible assets. The Company reduced IPR&D by \$9.8 million from \$29.3 million to \$19.5 million. The effect of the accounting change improves fiscal 1998 results by \$7.1 million to a loss of \$36.4 million from a loss of \$43.5 million. Net loss per share in fiscal 1998 is reduced by \$0.80 to \$4.15 from the previously reported \$4.95. The adjustment also increases amortization of the intangibles for fiscal 1999 and fiscal 2000 by approximately \$815,000 per quarter or approximately \$0.09 per share. First quarter fiscal 1999 results will be adjusted to reflect this revaluation by increasing the reported loss from \$6.1 million to \$6.9 million, or by \$0.08 to \$0.73 from \$0.65.

"EMCORE's in-process research and development transaction occurred 18 months ago during our first fiscal quarter of 1998 (December 1997)," said Tom Werthan, EMCORE's Chief Financial Officer. "The accounting was performed in accordance with established practices under generally accepted accounting principles and with the assistance of independent valuation experts using valuation techniques widely accepted in practice. The SEC recently changed the guidelines which require different treatment, however, it is a non-cash entry and will only affect EPS by approximately \$0.08 for the next six quarters. Fundamentally, it does not affect our business model or market position."

EMCORE designs, develops and manufactures compound semiconductor wafers and devices and is a leading developer and manufacturer of the tools and manufacturing processes used to fabricate compound semiconductor wafers and devices. The Company's products and technology enable customers in the United States and internationally to manufacture commercial volumes of high-performance electronic devices using compound semiconductors. EMCORE's products are used in a wide variety of applications, including satellite, data, wireless and telecommunications, consumer and automotive electronics, computers and peripherals, and lighting.

The information provided herein may contain forward-looking statements relating to future events that involve risks and uncertainties. Among the important factors which could cause actual results to differ materially from those in the forward-looking statements are cancellations, rescheduling or delays in product shipments; manufacturing capacity constraints; lengthy sales and qualification cycles; difficulties in the production process; the future financial performance of the Company; delays in developing and commercializing new products; increased competition; failure of the MODE acquisition to achieve the desired synergies and efficiencies; risks associated with the reaction to the MODE acquisition by the market, as well as employees, customers, distributors, and others who effect the businesses of EMCORE and/or MODE; the variability of future operating results of EMCORE, MODE or the combined companies following the proposed acquisition; changes in the compound semiconductor industry, including overall growth of the industry and the continued acceptance of the Company's MOCVD technologies; and other factors detailed in the Company's filings with the Securities and Exchange Commission, including the registration statement on Form S-3 filed on February 4, 1999.

EMCORE CORPORATION
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 (in thousands, except per share data)
 (unaudited)

	Three Months Ended March 31, (as restated) 1999		Six Months Ended March 31, (as restated) 1999	
Revenues	\$16,072	\$13,808	\$26,197	\$26,165
Cost of sales	9,203	7,534	15,219	13,910
Gross profit	6,869	6,274	10,978	12,255
Operating expenses:				
Selling, general and administrative	3,225	2,901	6,368	5,753
Goodwill amortization	1,098	1,099	2,197	1,442
Research and development:				
One-time acquired in-process	-	-	-	19,516
Recurring	4,348	2,889	10,272	5,876
Total operating expenses	8,671	6,889	18,837	32,587
Operating loss	(1,802)	(615)	(7,859)	(20,332)
Other expense:				
Stated interest expense, net	463	47	693	117
Imputed warrant interest expense, non-cash	317	96	633	192
Equity in net loss of unconsolidated affiliates	1,395	-	1,671	-
Provision for income taxes	-	20	-	20
Total other expense	2,175	163	2,997	329
Net loss	(\$3,977)	(\$778)	(\$10,856)	(\$20,661)
Per share data:				
Net loss per basic share	(\$0.44)	(\$0.08)	(\$1.17)	(\$2.52)
Net loss per diluted share	(\$0.44)	(\$0.08)	(\$1.17)	(\$2.52)
Weighted average shares used in per share data calculations	9,427	9,328	9,409	8,189

EMCORE CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEET
(in thousands, except share data)

	March 31, 1999 (unaudited)	September 30, 1998 (as restated)
ASSETS	-----	-----
Cash and cash equivalents	\$ 1,640	\$ 4,456
Restricted cash	-	62
Accounts receivable, net of allowance for doubtful accounts of \$577 and \$611 at March 31, 1999 and September 30, 1998, respectively	11,463	7,438
Accounts receivable, related party	2,746	500
Inventories, net	12,684	12,445
Other current assets	294	208
Total current assets	28,827	25,109
Property, plant and equipment, net	43,260	36,210
Goodwill	7,322	9,519
Investments in unconsolidated affiliates	4,392	292
Other assets, net	1,270	2,090
Total assets	\$85,071 =====	\$73,220 =====
LIABILITIES & SHAREHOLDERS' EQUITY		
Notes payable - related party	\$ -	\$7,000
Accounts payable	9,132	12,023
Accrued expenses	5,457	4,197
Advanced billings	6,682	3,180
Capital lease obligations - current	732	673
Other current liabilities	162	53
Total current liabilities	22,165	27,126
Bank loans	23,000	17,950
Subordinated notes, net	8,003	7,809
Capital lease obligation, net of current portion	470	755
Other liabilities	1,097	-
Total liabilities	54,735	53,640
Mandatorily redeemable, convertible preferred stock, 1,550,000 shares issued and outstanding at March 31, 1999 (redeemable at maturity for \$21,700)	21,369	-
Shareholders' Equity:		
Preferred stock, \$.0001 par value, 5,882,353 shares authorized; no shares outstanding	-	-
Common stock, no par value, 23,529,411 shares authorized, 9,446,347 shares issued and outstanding March 31, 1999, 9,375,952 shares issued and outstanding at September 30, 1998	87,855	87,443
Accumulated deficit	(71,221)	(60,196)
Notes receivable from warrant issuances and stock sales	(7,667)	(7,667)
Total shareholders' equity	8,967	19,580
Total shareholders' equity and mandatorily redeemable, convertible preferred stock	30,336	19,580
Total liabilities, shareholders' equity and mandatorily redeemable, convertible preferred stock	\$85,071 =====	\$73,220 =====

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