

EMCORE CORP
Form DEF 14A
April 09, 2010

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

SCHEDULE 14A

PROXY STATEMENT PURSUANT TO SECTION 14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934

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 Pursuant to Section 240.14a-12

EMCORE CORPORATION
(Name of Registrant as Specified in its Charter)

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.

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- Fee paid previously with preliminary materials.
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| (3) | Filing Party: |

(4)

Date Filed:

EMCORE CORPORATION
10420 Research Road, SE
Albuquerque, New Mexico 87123

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON FRIDAY, MAY 21, 2010

Important Notice Regarding the Availability of Proxy Materials
For the Shareholder Meeting to Be Held on May 21, 2010

The Proxy Statement and 2009 Annual Report are available at <http://materials.proxyvote.com/290846>.

To our Shareholders:

The 2010 Annual Meeting of Shareholders (the "Annual Meeting") of EMCORE Corporation (the "Company") will be held at 10:00 A.M. local time on Friday, May 21, 2010, at the Albuquerque Marriott Hotel, 2101 Louisiana Blvd. NE, Albuquerque, New Mexico 87110, for the following purposes:

- (1) To elect three (3) members to the Company's Board of Directors;
- (2) To ratify the selection of KPMG LLP as the Company's independent registered public accounting firm for the fiscal year ending September 30, 2010;
- (3) To approve the adoption of the EMCORE Corporation 2010 Equity Incentive Plan and authorize the reservation of 4,000,000 shares of the Company's common stock for issuance under such plan; and
- (4) To transact such other business as may properly come before the Annual Meeting and any adjournments or postponements thereof.

The Board of Directors has fixed the close of business on April 2, 2010 as the record date for determining those shareholders entitled to notice of, and to vote at, the Annual Meeting and any adjournments or postponements thereof. Whether or not you expect to be present, please vote and submit your proxy as promptly as possible in order to assure the presence of a quorum. You may vote by telephone, internet or mail. If you vote by telephone or internet, you do not have to send a proxy card via the mail.

By Order of the Board of Directors,
/s/ Keith J. Kosco
Keith J. Kosco, Esq.
Secretary

April 9, 2010
Albuquerque, New Mexico

THIS IS AN IMPORTANT MEETING AND ALL SHAREHOLDERS ARE INVITED TO ATTEND THE MEETING IN PERSON. ALL SHAREHOLDERS OF RECORD AS OF THE CLOSE OF BUSINESS ON APRIL 2, 2010 ARE RESPECTFULLY URGED TO VOTE AND SUBMIT A PROXY AS PROMPTLY AS POSSIBLE. SHAREHOLDERS WHO EXECUTE A PROXY MAY NEVERTHELESS ATTEND THE ANNUAL MEETING,

REVOKE THEIR PROXY, AND VOTE THEIR SHARES IN PERSON.

EMCORE CORPORATION
PROXY STATEMENT

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EMCORE CORPORATION
10420 Research Road, SE
Albuquerque, New Mexico 87123

PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS

MAY 21, 2010

This Proxy Statement is being furnished to shareholders of record of EMCORE Corporation (“EMCORE”, “Company”, “we”, or “us”) as of the close of business on April 2, 2010, in connection with the solicitation on behalf of the Board of Directors of EMCORE of proxies for use at the 2010 Annual Meeting of Shareholders (the “Annual Meeting”) to be held at 10:00 A.M. local time, on May 21, 2010, at the Albuquerque Marriott Hotel, 2101 Louisiana Blvd., NE, Albuquerque, New Mexico 87110, or at any adjournments or postponements thereof, for the purposes set forth in the accompanying Notice of Annual Meeting of Shareholders. This Proxy Statement and the related proxy materials are first being made available to shareholders beginning on or about April 9, 2010. Shareholders should review the information provided herein in conjunction with the Company’s 2009 Annual Report to Shareholders. The Company’s principal executive office is located at 10420 Research Road, SE, Albuquerque, New Mexico 87123. The Company’s main telephone number is (505) 332-5000. The Company’s principal executive officers may be reached at the foregoing business address and telephone number.

INTERNET AVAILABILITY OF PROXY MATERIALS

This year, the Company has elected to furnish its proxy materials over the internet rather than mailing paper copies of those materials. On or about April 9, 2010, the Company mailed to shareholders a Notice of Internet Availability of Proxy Materials (the “Notice of Internet Availability”) directing shareholders to a website where they can access this Proxy Statement and the Company’s 2009 Annual Report and view instructions on how to submit a proxy via the internet or by touch-tone telephone. If shareholders wish to receive a paper copy of the Company’s proxy materials, please follow the instructions included in the Notice of Internet Availability.

INFORMATION CONCERNING PROXY

The accompanying proxy is solicited on behalf of the Company’s Board of Directors. The giving of a proxy does not preclude the right to vote in person should any shareholder giving the proxy so desire. Shareholders have an unconditional right to revoke their proxy at any time prior to the exercise thereof, either in person at the Annual Meeting or by filing with the Company’s Secretary at the Company’s headquarters a written revocation or duly executed proxy bearing a later date; however, no such revocation will be effective until written notice of the revocation is received by the Company at or prior to the Annual Meeting.

The cost of preparing and making available this Proxy Statement, the Notice of Annual Meeting of Shareholders, and the proxy is borne by the Company. In addition to the use of internet, employees of the Company may solicit proxies personally and by telephone. The Company’s employees will receive no compensation for soliciting proxies other than their regular salaries. The Company may request banks, brokers and other custodians, nominees, and fiduciaries to forward copies of the proxy material to their principals and to request authority for the execution of proxies. The Company may reimburse such persons for their expenses in so doing.

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PURPOSES OF THE MEETING

At the Annual Meeting, the Company's shareholders will consider and vote upon the following matters:

- (1) To elect three (3) members to the Company's Board of Directors;
- (2) To ratify the selection of KPMG LLP as the Company's independent registered public accounting firm for the fiscal year ending September 30, 2010;
- (3) To approve the adoption of the EMCORE Corporation 2010 Equity Incentive Plan and authorize the reservation of 4,000,000 shares of the Company's common stock for issuance under such plan; and
- (4) To transact such other business as may properly come before the Annual Meeting and any adjournments or postponements thereof.

Unless contrary instructions are indicated on the accompanying proxy, all shares represented by valid proxies received pursuant to this solicitation (and that have not been revoked in accordance with the procedures set forth above) will be voted: (1) FOR the election of the nominees for director named below; (2) FOR ratification of the Company's independent registered public accounting firm named above; (3) FOR the adoption of the EMCORE Corporation 2010 Equity Incentive Plan and (4) by the proxies in their discretion upon any other proposals as may properly come before the Annual Meeting. In the event a shareholder specifies a different choice by means of the accompanying proxy, such shareholder's shares will be voted in accordance with the specification so made.

OUTSTANDING VOTING SECURITIES AND VOTING RIGHTS

As of the close of business on April 2, 2010 (the "Record Date"), the Company had 84,000,256 shares of no par value common stock ("Common Stock") issued and outstanding. Each shareholder of record on the Record Date is entitled to one vote on all matters presented at the Annual Meeting for each share of Common Stock held by such shareholder. The presence, either in person or by properly executed proxy, of the holders of the majority of the shares of Common Stock entitled to vote at the Annual Meeting is necessary to constitute a quorum at the Annual Meeting. Attendance at the Annual Meeting will be limited to shareholders as of the Record Date, their authorized representatives, and guests of the Company.

If your shares of Common Stock are registered directly in your name with the Company's transfer agent, American Stock Transfer & Trust Company, as of the Record Date, you may vote:

- (1) By Internet: Go to www.proxyvote.com and follow the instructions;
- (2) By Telephone: Call toll-free to 1-800-690-6903 and follow the instructions;
- (3) By Mail: If you request a copy of the proxy materials by mail, complete, sign, date and return your proxy card in the envelope supplied to you with written proxy materials; or
- (4) In Person: Attend the Annual Meeting and vote by ballot.

If your shares are held by a bank, broker or other holder of record, you are a beneficial owner of those shares rather than a shareholder of record. If you are a beneficial owner, your bank, broker or other holder of record will forward the proxy materials to you. As a beneficial owner, you have the right to direct your bank, broker or other holder of record how to vote your shares by following the voting instructions provided by your bank, broker or other holder of record. Please refer to the proxy materials forwarded by your bank, broker or other holder of record to see if the voting options described above are available to you. Please note that if your shares of Common Stock are held by a bank, broker or other holder of record and you wish to vote at the Annual Meeting, you must present proof of ownership of the Company's Common Stock as of the Record Date before you will be permitted to vote in person.

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You may use the internet or any touch-tone telephone to transmit your voting instructions and for electronic delivery of information up until 11:59 p.m., Eastern Time, on Thursday, May 20, 2010. Your proxy, whether submitted by telephone, via the internet or by mail, may nevertheless be revoked at any time prior to the voting thereof at your discretion either by a written notice of revocation received by the person or persons named therein or by voting the shares covered thereby in person or by another proxy dated subsequent to the date thereof.

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The vote required for approval of each of the proposals before the shareholders at the Annual Meeting is as follows:

Proposal (Election of Directors) Each nominee for director will be elected by a plurality of the votes cast in person or
1 by proxy at the Annual Meeting. Each shareholder may vote for or withhold such vote from any or all nominees. The nominees who receive the most votes that are properly cast at the Annual Meeting will be elected.

Proposal 2 (Ratification of the Appointment of Independent Registered Public Accounting Firm), and

Proposal 3 (Approval of the Adoption of the EMCORE Corporation 2010 Equity Incentive Plan).

The approval of proposals 2 and 3 requires an affirmative vote of a majority of shares present in person or represented by proxy and entitled to vote at the Annual Meeting. Each shareholder may vote for, vote against or abstain from voting on each of these proposals. Abstentions and broker non-votes are not counted as votes cast and will have no effect on the outcome of the vote for each proposal.

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ELECTION OF DIRECTORS

Pursuant to EMCORE's Restated Certificate of Incorporation, the Board of Directors of EMCORE is divided into three classes as set forth in the following table. The directors in each class hold office for staggered terms of three years. The Class B directors, Messrs. Scott, Hou and McCorkle are each being proposed for a three-year term (expiring in 2013) at this Annual Meeting. Messrs. Scott and Hou were re-elected in 2007 for a term that expires in 2010, and Mr. McCorkle was elected to the Board of Directors in December 2009 by the Board of Directors as a Class B director in order to fill a vacancy.

The shares represented by proxies will be voted, unless otherwise specified, in favor of the nominees for the Board of Directors named below. If, as a result of circumstances not known or unforeseen, any such nominee shall be unavailable to serve as director, proxies will be voted for the election of such other person as the Board of Directors may select.

The following table sets forth certain information regarding the members of and nominees for the Board of Directors:

| Name and Other Information | Age | Class and Year in Which Term Will Expire | Principal Occupation | Served as Director Since |
|----------------------------|-----|--|----------------------|--------------------------|
|----------------------------|-----|--|----------------------|--------------------------|

NOMINEES FOR ELECTION AT THE ANNUAL MEETING

| | | | | |
|-------------------------------------|----|-----------------|--|------|
| Charles T. Scott (1) (2) (3) (4) | 60 | Class B 2010 | Chairman of William Hill plc | 1998 |
| Hong Q. Hou, Ph.D. | 45 | Class B 2010 | Chief Executive Officer, EMCORE Corporation | 2006 |
| Sherman McCorkle (4) | 66 | Class B 2010 | President and Chief Executive Officer, Technology Ventures Corporation | 2009 |

DIRECTORS WHOSE TERMS CONTINUE

| | | | | |
|-------------------------------------|----|-----------------|--|------|
| Thomas J. Russell, Ph.D. (2) (4) | 78 | Class A 2011 | Chairman Emeritus of the Board, EMCORE Corporation | 1995 |
| Reuben F. Richards, Jr. | 54 | Class A 2011 | Executive Chairman, Chairman of the Board, EMCORE Corporation | 1995 |
| Robert Bogomolny (1) (3) (4) | 71 | Class A 2011 | President, University of Baltimore | 2002 |

| | | | | |
|----------------------------|----|---------|--|------|
| John Gillen (1) (2) (3)(4) | 68 | Class C | Partner, Gillen and Johnson, P.A., Certified Public Accountants | 2003 |
| | | 2012 | | |

-
- (1) Member of Audit Committee.
(2) Member of Nominating Committee.
(3) Member of Compensation Committee.
(4) Determined by the Board of Directors to be an independent director according to the rules of The NASDAQ Stock Market ("NASDAQ").

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DIRECTORS AND EXECUTIVE OFFICERS

Set forth below is certain information with respect to the nominees for the office of director and other directors and executive officers of EMCORE.

THOMAS J. RUSSELL, Ph.D., 78, has been a director of the Company since May 1995 and was elected Chairman of the Board on December 6, 1996. In March 2008, Dr. Russell was named Chairman Emeritus. Dr. Russell founded Bio/Dynamics, Inc. in 1961 and managed the company until its acquisition by IMS International in 1973, following which he served as President of that company's Life Sciences Division. From 1984 until 1988, he served as director, then as Chairman of IMS International until its acquisition by Dun & Bradstreet in 1988. From 1988 to 1992, he served as Chairman of Applied Biosciences, Inc., and was a director until 1996. In 1990, Dr. Russell was appointed as a director of Saatchi & Saatchi plc (now Cordiant plc), and served on that board until 1997. He served as a director of Adidas-Salomon AG from 1994 to 2001. He also served on the board of LD COM Networks until 2004. He holds a Ph.D. in physiology and biochemistry from Rutgers University.

REUBEN F. RICHARDS, JR., 54, has been a director since May 1995 and Chairman of the Board of Directors and the Company's Executive Chairman since March 2008. Mr. Richards joined the Company in October 1995 and served in various executive capacities. Mr. Richards previously served as the Company's Chief Executive Officer from December 1996 until March 2008. From October 1995 to December 2006, Mr. Richards served as the Company's President. From September 1994 to December 1996, Mr. Richards was a Senior Managing Director of Jesup & Lamont Capital Markets, Inc. (an affiliate of a registered broker-dealer). From December 1994 to December 1996, he was a member and President of Jesup & Lamont Merchant Partners, L.L.C. From 1992 through 1994, Mr. Richards was a principal with Hauser, Richards & Co., a firm engaged in corporate restructuring and management turnarounds. From 1986 until 1992, Mr. Richards was a director at Prudential-Bache Capital Funding in its Investment Banking Division. Mr. Richards also served on the Board of Directors of the Company's former joint venture, GELcore LLC, from 1998 to 2006. Mr. Richards served as a director of WorldWater & Solar Technologies Corporation from November 2006 to January 2009.

HONG Q. HOU, Ph.D., 45, has served as a director of the Company since December 2006. Dr. Hong Hou joined the Company in 1998 and has served in various executive capacities. On March 31, 2008, Dr. Hou was named as the Chief Executive Officer. Dr. Hou previously served as President and Chief Operating Officer of the Company from December 2006 until March 2008. Dr. Hou co-founded the Company's Photovoltaics division, and subsequently managed the Company's Digital Fiber Optic Products division. From 1995 to 1998, Dr. Hou was a Principal Member of Technical Staff at Sandia National Laboratories. He was a Member of Technical Staff at AT&T Bell Laboratories from 1993 to 1995. He holds a Ph.D. in Electrical Engineering from the University of California at San Diego, and a Bachelor of Science degree from Jilin University in China. He has published over 150 journal articles and holds seven U.S. patents. Dr. Hou currently serves on the Board of Directors of the Greater Albuquerque Chamber of Commerce and the Kirtland Partnership Committee. Until January 2009, Dr. Hou previously served as a director of Crystal IS, Inc., and WorldWater & Solar Technologies Corporation.

CHARLES T. SCOTT, 60, has served as a director of the Company since February 1998. Since January 1, 2004, he has served as Chairman of the Board of Directors of William Hill plc, a leading provider of bookmaking services in the United Kingdom. Prior to that, Mr. Scott served as Chairman of a number of companies, including Cordiant Communications Group plc, Saatchi & Saatchi Company plc, and Robert Walters plc.

JOHN GILLEN, 68, has served as a director of the Company since March 2003. Mr. Gillen has been a partner in the firm of Gillen and Johnson, P.A., Certified Public Accountants since 1974. Prior to that time, Mr. Gillen was employed by the Internal Revenue Service and Peat Marwick Mitchell & Company, Certified Public Accountants (now KPMG LLP).

ROBERT BOGOMOLNY, 71, has served as a director of the Company since April 2002. Since August 2002, Mr. Bogomolny has served as President of the University of Baltimore. Prior to that, he served as Corporate Senior Vice President and General Counsel of G.D. Searle & Company, a pharmaceuticals manufacturer, from 1987 to 2001. At G.D. Searle, Mr. Bogomolny was responsible at various times for its legal, regulatory, quality control, and public affairs activities. He also led its government affairs department in Washington, D.C., and served on the Searle Executive Management Committee.

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SHERMAN MCCORKLE, 66, has served as a director of the Company since December 2009. Mr. McCorkle is a native New Mexican, and has spent most of his career deeply involved in the New Mexico business community. Mr. McCorkle is Chief Executive Officer and President of Technology Ventures Corporation, positions he has held since that company's inception in 1993. Mr. McCorkle is also co-founder and Charter Director of New Mexico Bank and Trust and First Community Bank. He served as Chief Executive Officer and President of Sunwest Credit Services Corporation from 1988 to 1993. Mr. McCorkle was initially identified to the Nominating Committee of the Company's Board of Directors as a director candidate by Dr. Hong Hou.

Non-Director Executive Officers

JOHN M. MARKOVICH, 53, joined the Company in August 2008 as Chief Financial Officer. He has more than 20 years of executive financial management experience in assisting rapidly-growing public and private technology-based companies. Prior to joining the Company, Mr. Markovich was Executive Vice President and Chief Financial Officer of Energy Innovations, Inc., and previous to that he served as the Chief Financial Officer of Orqis Medical Corporation, Pictos Technologies, Relera, Inc., Tickets.com, Inc., and Optical Coating Laboratories, Inc. Earlier in his career, Mr. Markovich was Vice President and Treasurer of Western Digital Corporation and managed Citibank's high-tech corporate banking business in Southern California. Mr. Markovich earned an undergraduate degree in business from Miami University, an M.B.A. in finance from Michigan State University and is a graduate of Stanford University's Financial Management Program. Mr. Markovich is SOX certified by the Sarbanes-Oxley Institute.

KEITH J. KOSCO, ESQ., 57, joined the Company in January 2007 and serves as Chief Legal Officer and Secretary of the Company. From 2003 to 2006, Mr. Kosco served as General Counsel and Corporate Secretary of Aspire Markets, Inc. and from 2002 to 2003 served as General Counsel and Corporate Secretary of 3D Systems Corporation, a high-tech capital goods manufacturer. From 1998 to 2001, Mr. Kosco served as Director of Mergers and Acquisitions and Assistant General Counsel of Litton Industries, Inc., a technology and defense company that was acquired by Northrop Grumman Corporation in 2001. Mr. Kosco also has over 17 years of experience in private practice with the law firms of Squire Sanders & Dempsey and Morgan, Lewis & Bockius. Mr. Kosco received his J.D. degree from Harvard Law School in 1979.

JOHN IANNELLI, Ph.D., 44, joined the Company in January 2003 through the acquisition of Ortel Corporation from Agere Systems and has served as Chief Technology Officer since June 2007. Prior to his current role, Dr. Iannelli was Senior Director of Engineering of EMCORE's Broadband Fiber Optics division (Ortel). Dr. Iannelli joined Ortel in 1995 and has led several development programs and products in the areas of analog and digital transmitters/transceivers. He has made seminal inventions in the areas of fiber optic transport in digital and broadband infrastructures. He has numerous publications and issued U.S. patents. Dr. Iannelli holds a Ph.D. and Master of Science degree in Applied Physics from the California Institute of Technology, a Bachelor of Science degree in Physics from Rensselaer Polytechnic Institute, and a Master Degree in Business Administration from the University of Southern California.

CHRISTOPHER LAROCCA, 37, joined the Company in May 2004 as Senior Director of Business Development and Product Strategy. In May 2009, he was promoted to Chief Operating Officer. Prior to becoming Chief Operating Officer, Mr. Larocca served as Executive Vice President and General Manager of EMCORE's Solar Photovoltaics division. Prior to that, he served as Vice President and General Manager of EMCORE's Broadband Division since March 2007. Between April 2001 and May 2004, he served as Vice President of GELcore, a solid-state lighting joint venture between EMCORE and General Electric. Prior to joining GELcore in 2001, Mr. Larocca held a variety of commercial and Six Sigma roles within General Electric's Lighting division. Mr. Larocca holds a Master Degree in Business Administration from the University of Southern California and a Bachelor of Science degree in Civil Engineering from Clemson University.

RECOMMENDATION OF THE BOARD OF DIRECTORS

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE “FOR” THE ELECTION OF THE NOMINEES LISTED ABOVE UNDER PROPOSAL I.

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GOVERNANCE OF THE COMPANY

Board of Directors

The Board of Directors oversees EMCORE's business and affairs pursuant to the New Jersey Business Corporation Act and the Company's Restated Certificate of Incorporation and Bylaws. The Board of Directors is the ultimate decision-making body of the Company, except on matters reserved for the shareholders.

Code of Ethics

The Company has adopted a code of ethics entitled "EMCORE Corporation Code of Business Conduct and Ethics", which is applicable to all employees, officers, and directors of EMCORE. The full text of the Code of Business Conduct and Ethics is included with the Corporate Governance information available on the Company's website (www.emcore.com). The Company intends to disclose any changes in or waivers from its code of ethics by posting such information on its website or by filing a Current Report on Form 8-K.

Related Person Transaction Approval Policy

The Board of Directors has adopted a written policy on the review and approval of related person transactions as defined under applicable Securities and Exchange Commission regulations. Related persons covered by the policy are executive officers, directors and director nominees, any person who is known to be a beneficial owner of more than five percent of the voting securities of the Company, any immediate family member of any of the foregoing persons or any entity in which any of the foregoing persons has or will have a direct or indirect material interest.

A related person transaction is defined by the policy as any financial or other transaction, arrangement or relationship (including any indebtedness or guarantee of indebtedness) or any series of similar transactions, arrangements or relationships in which the Company (or a subsidiary) would be a participant and the amount involved would exceed \$120,000, and in which any related person would have a direct or indirect material interest. A related person will not be deemed to have a direct or indirect material interest in a transaction if the interest arises only from the position of the person as a director of another corporation or organization that is a party to the transaction or the direct or indirect ownership by such person and all the related persons, in the aggregate, of less than a 10 percent equity interest in another person (other than a partnership) which is a party to the transaction. In addition, certain interests and transactions, such as director compensation that has been approved by the Board, transactions where the rates or charges are determined by competitive bid and compensatory arrangements solely related to employment with the Company (or a subsidiary) that have been approved by the Compensation Committee, are not subject to the policy.

The Board of Directors has delegated to the Compensation Committee the responsibility for reviewing, approving and, where applicable, ratifying related person transactions. If a member of the committee has an interest in a related person transaction, then he or she will not be part of the review process.

In considering the appropriate action to be taken regarding a related person transaction, the committee or the Board (as the case may be) will consider the best interests of the Company, whether the transaction is comparable to what would be obtainable in an arms-length transaction, is fair to the Company and serves a compelling business reason, and any other factors as it deems relevant. As a condition to approving or ratifying any related person transaction, the committee may impose whatever conditions and standards it deems appropriate, including periodic monitoring of ongoing transactions.

The Company's Code of Business Conduct and Ethics includes the Company's Conflicts of Interest Policy, among other policies. Directors are expected to read the Code of Business Conduct and Ethics and adhere to its provisions to

the extent applicable in carrying out their duties and responsibilities as directors. The Conflicts of Interest Policy provides, among other things, that conflicts of interest exists where the interests or benefits of one person or entity conflict with the interests or benefits of the Company. The Code also provides restrictions on outside directorships, business interests and employment, receipt of gifts and entertainment and it also provides that all material violations of the Company's Code of Business Conduct and Ethics or matters involving financial or legal misconduct will be reported to the Company's Audit Committee on at least a quarterly basis, or more frequently depending upon the level of severity of the violation.

The Board of Directors reviews the independence of and any possible conflicts of interest of directors and director nominees at least annually. Directors are also required to disclose potential and existing related person transactions in completing Directors and Officers Questionnaires.

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During fiscal 2008, the Company entered into agreements for the sale of its interests in WorldWater & Solar Technologies Corporation (now named Entech Solar, Inc.). At the time, The Quercus Trust beneficially owned more than five percent of the Company's Common Stock. The Company closed these transactions during fiscal 2008 and the first two quarters of fiscal 2009 and sold its shares of WorldWater Series D Convertible Preferred Stock and warrants to The Quercus Trust, for approximately \$24.4 million, which included additional consideration as a result of the termination of certain operating arrangements between the companies. Following completion of the sale, Messrs. Richards and Hou resigned their seats on the WorldWater board of directors. Except for this transaction, the Company did not engage in any other related person transaction during the fiscal year ended September 30, 2009.

Director Independence

The Board of Directors has determined that a majority of the directors are independent in compliance with the listing standards applicable to EMCORE pursuant to the rules of NASDAQ. The Board has affirmatively determined that Messrs. Russell, Bogomolny, Scott, Gillen and McCorkle are independent under the NASDAQ rules. In making its determination, the Board reviewed and discussed certain services provided by the accounting firm of Gillen and Johnson, P.A., in which Mr. John Gillen is a partner. Based on a determination that the services do not fall under any of the objective tests of the NASDAQ rules and that, in the opinion of the Board, they would not interfere with Mr. Gillen's exercise of independent judgment in carrying out the responsibilities of a director, the Board affirmatively determined that Mr. Gillen is an independent director within the requirements of the NASDAQ rules.

The relationships considered by the Board in making its determination were:

- For each of the last three years, the accounting firm of Gillen and Johnson, P.A. has prepared the individual U.S. tax returns for Dr. Russell for a fee of approximately \$2,500 per year, which was paid directly by Dr. Russell to Gillen and Johnson, P.A.
- Until December 31, 2007, Gillen and Johnson, P.A. prepared the tax returns for Rectrix Aviation and Aerodrome Centers ("Rectrix"), a company owned by Dr. Russell, for a fee of approximately \$10,000 per year, which was paid directly by Rectrix to Gillen and Johnson, P.A.
- Since January 1, 2009, Mr. Gillen has acted as trustee of the Morningside Trust, which was established by Dr. Russell and owns approximately 2 million shares of the Company's Common Stock for the benefit of Avery Russell, who is the daughter of Dr. Russell. Gillen and Johnson, P.A. performed filing services for the Morningside Trust, for which it was paid a fee of \$500. Mr. Gillen was not paid any fees in connection with his service as trustee of Morningside Trust.

The Board of Directors has determined that Messrs. Richards and Hou are not independent within the meaning of the NASDAQ rules because they are both employees of the Company.

In addition to the requirements of the NASDAQ rules, the Company's By-laws require that a majority of the Board be independent within the requirements of certain tests that are not included within the requirements of the NASDAQ rules. The additional tests contained in the Company's By-laws include a requirement that a director is not considered independent for purposes of the By-laws if a director has received any remuneration as an advisor or consultant to any other directors of the Company. The Board of Directors has determined that Messrs. Russell, Bogomolny, McCorkle and Scott comprising a majority of the members of the Board of Directors, are independent directors within the meaning of the Company's By-laws.

Messrs. Russell (chairman), Scott and Gillen serve as members of our Nominating Committee. The members of our Compensation Committee are Messrs. Gillen (chairman), Bogomolny and Scott. Messrs. Scott (chairman),

Bogomolny and Gillen serve as members of our Audit Committee. All members of each of our Nominating Committee, Compensation Committee and Audit Committee are “independent” as defined by the NASDAQ rules.

Board Meetings and Attendance

The Board of Directors held 14 regularly scheduled and special telephonic meetings during fiscal 2009, and took other certain actions by unanimous written consent. During fiscal 2009, except for Mr. McCorkle who was elected following conclusion of fiscal 2009, all directors of the Company attended at least 75% of the aggregate meetings of the Board and committees on which they served, during their tenure on the Board.

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Board Committees

Audit Committee

The Company has a separately-designated standing Audit Committee (the “Audit Committee”) established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). The Audit Committee consists of Messrs. Scott (chairman), Gillen, and Bogomolny. Each member of the Audit Committee is currently an independent director within the meaning of NASDAQ Listing Rule 5605(a)(2). The Board of Directors has determined that Messrs. Scott and Gillen are each Audit Committee financial experts. A copy of the Charter of the Audit Committee is posted on the Company’s website (www.emcore.com). The Audit Committee met 12 times in fiscal 2009.

Compensation Committee

The Compensation Committee evaluates the performance of the Executive Chairman and other officers and reviews and approves their compensation. The Compensation Committee consists of Messrs. Gillen (chairman), Bogomolny, and Scott. A copy of the Charter of the Compensation Committee is posted on the Company’s website (www.emcore.com). The processes and procedures for the review and approval of executive compensation are described in the Compensation Discussion and Analysis section of this Proxy Statement. In addition, the Compensation Committee has responsibility for recommending to the Board the level and form of compensation and benefits for directors. It also administers the Company’s incentive compensation plans and reviews and monitors succession plans for the Executive Chairman and the other officers. The Compensation Committee met 10 times in fiscal 2009.

To the extent consistent with its obligations and responsibilities, the Compensation Committee may form subcommittees of one or more members of the Compensation Committee and delegate its authority to the subcommittees as it deems appropriate. In addition, the Compensation Committee has the authority to retain and terminate external advisors in connection with the discharge of its duties.

Nominating Committee

The Nominating Committee recommends new members to the Company’s Board of Directors. The Nominating Committee consists of Messrs. Russell (chairman), Scott, and Gillen. A copy of the Charter of the Nominating Committee is posted on the Company’s website (www.emcore.com). The Nominating Committee did not meet in fiscal 2009.

When considering a potential director candidate, the Nominating Committee looks for demonstrated character, judgment, relevant business, functional and industry experience, and a high degree of acumen. There are no differences in the manner in which the Nominating Committee evaluates nominees for director based on whether the nominee is recommended by a shareholder. The Company does not pay any third party to identify or assist in identifying or evaluating potential nominees.

The Nominating Committee will consider suggestions from shareholders regarding possible director candidates for election in 2010. Such suggestions, together with appropriate biographical information, should be submitted to the Company’s Secretary. See the section titled “Shareholder Proposals” below under “General Matters” for details regarding the procedures and timing for the submission of such suggestions. The directors nominated in this Proxy Statement were recommended for re-election by the Board of Directors. The Board of Directors did not receive any notice of a Board of Directors nominee recommendation in connection with this Proxy Statement from any shareholder.

Board Attendance at Annual Meetings

The Company strongly encourages members of the Board of Directors to attend the Company's Annual Meetings of Shareholders, and historically a majority have done so. Last year, the entire Board of Directors attended the 2009 Annual Meeting of Shareholders.

Communications with the Board

Shareholders may communicate with the Company's Board of Directors through its Secretary by writing to the following address: Board of Directors, c/o Mr. Keith J. Kosco, Secretary, EMCORE Corporation, 10420 Research Road, SE, Albuquerque, New Mexico 87123. The Company's Secretary will forward all correspondence to the Board of Directors, except for junk mail, mass mailings, product complaints or inquiries, job inquiries, surveys, business solicitations or advertisements, or patently offensive or otherwise inappropriate material. The Company's Secretary may forward certain correspondence, such as product-related inquiries, elsewhere within the Company for review and possible response.

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DIRECTOR COMPENSATION FOR FISCAL YEAR 2009

The Company compensates each non-employee Director for service on the Board of Directors. Director compensation for fiscal 2009 included the following:

| Name (1) | Fees Earned | | Total (\$) |
|--------------------------|----------------------|--------------------------|---------------|
| | Paid in Cash (\$) | Stock Awards \$(2) | |
| Thomas J. Russell, Ph.D. | 4,600 | 7,500 | 12,100 |
| Charles T. Scott | 11,300 | 11,500 | 22,800 |
| John Gillen | 10,500 | 10,500 | 21,000 |
| Robert Bogomolny | 10,150 | 10,000 | 20,150 |

(1) Reuben F. Richards, Jr., the Company's Executive Chairman and Chairman of the Board, and Hong Q. Hou, Ph.D., the Company's Chief Executive Officer, are not included in this table as they are employees of the Company and receive no compensation for their services as directors. Their compensation is disclosed in the Summary Compensation Table. Sherman McCorkle is not included in this table because he was elected to the Board of Directors following the end of the Company's 2009 fiscal year. .

(2) The amounts in this column reflect the dollar amounts earned under the Company's 2007 Directors' Stock Award Plan, payment of which is made in Common Stock of the Company. The amounts in this column also reflect the dollar amount recognized for financial statement reporting purposes in fiscal 2009, in accordance with EITF 96-18, "Accounting for Equity Instruments That are Issued to Other than Employees for Acquiring, or in Conjunction with Selling, Goods or Services."

Pursuant to the Company's Directors' Stock Award Plan adopted by the shareholders at the Company's 2007 annual meeting (the "2007 Stock Award Plan"), payments of fees are made in Common Stock of the Company payable in one issuance annually based on the closing price on The NASDAQ Global Market on the date of issuance. Non-employee directors earn a fee in the amount of \$3,500 per Board meeting attended and \$500 per committee meeting attended (\$1,000 for the chairman of a committee). The Company also reimburses a non-employee director's reasonable out-of-pocket expenses incurred in connection with such Board or committee meetings. From time to time, Board members are invited to attend meetings of Board committees of which they are not members. When this occurs, these non-committee Board members earn a committee meeting fee of \$500.

The Company's Outside Directors' Cash Compensation Plan provides for the payment of cash compensation to non-employee directors for their participation at Board meetings, in amounts established by the Board and periodically reviewed. Each non-employee director receives a meeting fee for each meeting that he attends (including telephonic meetings, but excluding execution of unanimous written consents) of the Board. In addition, each non-employee director receives a committee meeting fee for each meeting that he attends (including telephonic meetings, but excluding execution of unanimous written consents) of a Board committee. Until changed by resolution of the Board, the meeting fee is \$4,000 and the committee meeting fee is \$1,500; provided that the meeting fee for special telephonic meetings (i.e., Board meetings that are not regularly scheduled and in which non-employee directors typically participate telephonically) is \$750 and the committee meeting fee for such special telephonic meetings is \$600. Any non-employee director who is the chairman of a committee receives an additional \$750 for each meeting of the committee that he chairs, and an additional \$200 for each special telephonic meeting of such committee. On March 2, 2009, the Compensation Committee of the Board of Directors of the Company agreed to temporarily suspend the Company's Outside Directors' Cash Compensation Plan. Subsequently, on October 8, 2009,

the Compensation Committee of the Board of Directors, in light of the Company's improving liquidity position and business outlook, approved the full reinstatement of the Company's Outside Directors' Cash Compensation Plan effective as of December 8, 2009.

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Based on the results of a review in fiscal year 2008 of our past director compensation practices, the Compensation Committee concluded that certain directors had not been properly compensated under the Company's 1997 Director's Stock Award Plan ("1997 Stock Award Plan"), which lapsed in March 2007. In May 2008, it was concluded by the Compensation Committee that in order to properly compensate the affected directors that they would be given "make-whole" cash payments in lieu of shares that should have been received under the Company's 1997 Stock Award Plan:

| Name | Special Committee | |
|--------------------------|---------------------------------|---------------------------------|
| | "Make-Whole" Cash Payment | "Make-Whole" Cash Payment |
| Thomas J. Russell, Ph.D. | \$ 45,300 | \$ 4,500 |
| Charles T. Scott | \$ 54,300 | \$ 2,300 |
| John Gillen | \$ 59,400 | - |
| Robert Bogomolny | \$ 29,900 | \$ 2,300 |

The cash payments were calculated by multiplying the number of shares that should have been awarded to the affected director by \$7.51, which was the average price during the period between the 1997 Stock Award Plan lapsing and the 2007 Stock Award Plan becoming effective, during which time the Company did not have a stock award plan under which it could award shares to directors. These cash payments were paid by the Company to the affected directors in 25% increments. In May 2008, the first such payment was made. The second payment was made in January 2009. The third payment was made in October 2009, and the final payment was made in November 2009. The entire Special Committee "make-whole" cash payment was paid in October 2008. These make-whole payments are not included in the Director Compensation table above as they were previously accounted for in the Company's fiscal year 2008 and because they were previously disclosed in the Directors Compensation Table for Fiscal Year 2008 included in the Company's Form 10-K/A filed with the SEC on January 28, 2009.

No director who is an employee of the Company receives compensation for services rendered as a director under the Outside Directors' Cash Compensation Plan or the 2007 Stock Award Plan.

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COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis describes EMCORE's executive compensation program and analyzes the compensation decisions made for the executive officers included in the Summary Compensation Table (the "Named Executive Officers") for fiscal 2009.

Objectives and Components of the Company's Compensation Program

EMCORE's executive compensation program is designed to motivate executives to achieve strong financial, operational, and strategic performance and recognizes individual contributions to that performance. Through the compensation program, the Company seeks to attract and retain talented executive officers by providing total compensation that is competitive with that of other executives employed by companies of similar size, complexity and lines of business. The Company's executive compensation program is also designed to link executives' interests with shareholders' interests by providing a portion of total compensation in the form of stock-based incentives.

The Company's Annual Compensation Decision-Making Process

The Compensation Committee of the Board of Directors is responsible for setting and administering policies that govern EMCORE's executive compensation program. In October/November of each year, the Compensation Committee reviews the Company's performance and the performance of each of the Named Executive Officers for the prior fiscal year and typically reviews market surveys and proxy statements of our peer group as well as companies that have our same Standard Industrial Classification (SIC) code and annual revenues of \$500 million or less. Based on such a review, the Compensation Committee discusses and approves any potential base salary increases related to the current fiscal year and awards annual cash incentives and stock option grants in recognition of Company and individual performance for the prior fiscal year.

After taking into consideration the difficult economic and market environment facing the Company at the end of the 2008 fiscal year, and in light of the Company's performance for fiscal 2008, the Compensation Committee determined to not make any adjustment to the Named Executive Officers' base salaries for the 2009 fiscal year and did not adopt a bonus plan or pay any bonuses for fiscal 2009. In light of these decisions, the Compensation Committee did not require updated compensation data via market surveys or information regarding the base salaries of the executive officers of peer group companies.

In November 2009, the Compensation Committee retained a compensation consultant to provide objective advice and counsel to the Compensation Committee on all matters related to the fiscal year 2010 compensation of our Named Executive Officers and our compensation programs generally. R.D. Brown & Company has been retained by the Compensation Committee as its compensation consultant.

Base Salary

Base salaries for executives are determined based upon job responsibilities, level of experience, individual performance, and comparisons to the salaries of executives in similar positions obtained from market surveys and publicly filed proxy statements. The goal for the base salary component is to compensate executives at a level that approximates the median salaries of individuals in comparable positions and markets. The Company's Compensation Committee typically reviews base salary levels from peer group companies on an annual basis, and uses a target of the 50th percentile—the point at which 50% of the sample salaries are lower, when setting salaries for our Named Executive Officers. Mr. Richards, the Company's Executive Chairman, reviews the performance of the Chief Executive Officer and the other executive officers and recommends salary increases for these individuals to the Compensation Committee. These recommendations are advisory and are based solely on the judgment and opinion of the Company's

Executive Chairman based upon his review of the above-listed factors. In turn, the Compensation Committee independently reviews, adjusts, where appropriate, and approves the salary increases, if any, for these executive officers based upon the subjective discretion of the Compensation Committee reviewing an executive officer's experience, responsibility and performance. With respect to each executive officer, the Compensation Committee exercises its judgment as to how to weigh an executive officer's experience, responsibility and performance when determining any such salary increases. In executive session, the Compensation Committee reviews any salary increase for the Executive Chairman.

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Because of the difficult economic and market environment facing the Company at the end of fiscal 2008, our Executive Chairman recommended to the Compensation Committee not to increase salaries for the Named Executive Officers. Accordingly, the Compensation Committee did not discuss or approve any salary increase for the Executive Chairman. Additionally, the Compensation Committee did not require updated compensation data via market surveys or information regarding the base salaries of the executive officers of peer group companies because of its decision not to increase any salaries for any of the Named Executive Officers.

On March 2, 2009, the Compensation Committee, at the recommendation of the Company's Executive Management, approved a temporary base salary decrease for each of the Named Executive Officers. The base salaries were adjusted as follows:

- Mr. Richard's base salary was decreased from \$437,325 to \$371,726.
- Dr. Hou's base salary was decreased from \$420,000 to \$357,000.
- Mr. Markovich's salary was decreased from \$300,000 to \$270,000.
- Mr. Larocca's base salary was decreased from \$213,000 to \$202,350.
- Dr. Iannelli's base salary was decreased from \$236,250 to \$224,437.

On March 20, 2009, the Compensation Committee, again at the recommendation of the Company's Executive Management, approved a larger temporary base salary decrease for certain of the Named Executive Officers. Base salaries were adjusted as follows:

- Mr. Richard's base salary was further decreased from \$371,726 to \$349,860.
- Dr. Hou's base salary was further decreased from \$357,000 to \$336,000.
- Mr. Larocca's base salary was decreased from \$202,350 to \$181,050.
- Dr. Iannelli's base salary was further decreased from \$224,437 to \$212,625.

Prior to being promoted as the Company's Chief Operating Officer, Mr. Larocca served as Executive Vice President and General Manager of the Company's Solar Photovoltaics division. In April 2009, due to his expanding job responsibilities, Mr. Larocca received a base salary increase from \$213,000 to \$234,300. However, due to the imposed temporary salary reductions mentioned above, his temporary salary at that time was only raised from \$181,050 to \$210,870. In May 2009, upon his promotion to Chief Operating Officer, Mr. Larocca did not receive a base salary increase due to difficult business and economic conditions facing the Company at that time.

In light of the Company's improving liquidity position and business outlook, on September 10, 2009, the Compensation Committee, at the recommendation of the Company's Executive Management, approved a partial reinstatement of the annual base salaries of the Named Executive Officers. Accordingly, effective September 27, 2009, the annual base salaries of the Named Executive Officers were as follows:

- Mr. Richard's base salary was increased from \$349,860 to \$393,592.
- Dr. Hou's base salary was increased from \$336,000 to \$378,000.
- Mr. Markovich's salary was increased from \$270,000 to \$285,000.
- Mr. Larocca's base salary was increased from \$210,870 to \$222,585.
- Dr. Iannelli's base salary was increased from \$212,625 to \$224,437.

On October 8, 2009, the Compensation Committee, in light of the Company's improving liquidity position and business outlook, approved a full restoration of annual base salaries of the Named Executive Officers of the Company effective December 13, 2009, as follows:

- Mr. Richard's base salary is \$437,325.

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- Dr. Hou's base salary is \$420,000.
- Mr. Markovich's salary is \$300,000.
- Mr. Larocca's base salary is \$234,300.
- Dr. Iannelli's base salary is \$236,250.

Each of the base salary decreases and increases were based on the Company's liquidity position and business outlook at the time of the salary change.

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Annual Cash Incentives

Typically, EMCORE establishes a cash incentive plan each fiscal year which provides the Company's executive officers an opportunity to receive an annual cash payment in addition to their base salaries. The cash incentive plan is designed to place at risk a significant portion of an executive's annual cash compensation by linking the amount of compensation that an executive can achieve under the plan with individual and Company performance. We believe that providing annual cash incentive opportunities is a key component of maintaining a competitive executive compensation program.

Bonus incentives are discretionary and are established from time to time by the Compensation Committee with Board approval. Bonus incentives that have been offered in the past have been tied directly to the Company's annual financial performance. After taking into consideration the difficult economic and market environment facing the Company at the end of the 2008 fiscal year and in light of the Company's performance for fiscal 2008, the Compensation Committee determined not to adopt a bonus plan for fiscal year 2009, and no bonuses, discretionary or otherwise were paid to the Named Executive Officers during fiscal year 2009.

Although no bonus plan was adopted for the Company's fiscal year 2009, in December 2009, the Company paid out bonuses which had been granted by the Compensation Committee to certain Named Executive Officers for fiscal year 2008, but which had not been paid due to the difficult economic and market environment. The fiscal year 2008 bonuses paid by the Company were \$78,719 for Mr. Richards, \$75,600 for Dr. Hou, and \$20,341 for Dr. Iannelli. Since Mr. Larocca was not a Named Executive Officer during fiscal year 2008, he received in December 2009 a bonus of \$18,339, which was approved by Dr. Hou, as Chief Executive Officer of the Company. Since he joined the Company in August 2008, Mr. Markovich was ineligible for a fiscal year 2008 bonus.

The Compensation Committee has not approved a bonus cash incentive plan for fiscal year 2010; however, the Compensation Committee may decide to approve such a plan for fiscal year 2010 at a later date, based upon the Company's improving financial performance or other future change in business conditions or circumstances.

Long-Term Stock-Based Incentives

Under the Company's 2000 Stock Option Plan, which expired as of February 12, 2010, long-term equity awards consisted of stock options. As described in greater detail under Proposal III of this Proxy Statement, the Company is seeking shareholder approval of the EMCORE Corporation 2010 Equity Incentive Plan (the "2010 Plan"), which will expand the types of long-term equity awards to include not only stock options, but also performance stock and restricted stock. These long-term equity awards are designed to give executive officers an opportunity to acquire shares of Common Stock of the Company, to provide an incentive for the executives to continue to promote the best interests of the Company and enhance its long-term performance and to provide an incentive for executives to join and remain with the Company. Equity awards are an effective tool for aligning the interests of our executives with the interests of our shareholders.

Stock options give an executive the right to buy a share of the Company's Common Stock in the future at a predetermined exercise price. The exercise price is the closing price of the Common Stock on the grant date. New hire stock option awards vest over a five-year period while annual stock option awards vest over a four-year period. Other supplemental stock option awards vest over a four-year period. All options expire ten years after the grant date. Under the 2010 Plan, no one recipient can be granted an award of options to purchase more than 500,000 shares of Common Stock in any twelve-month period. Executives who voluntarily resign or are terminated for cause immediately forfeit all options that have not vested. Performance stock is Common Stock of the Company that is subject to forfeiture until predetermined performance conditions have been achieved. Restricted stock is Common Stock of the Company that is subject to forfeiture until vested. For a more complete description of performance stock

and restricted stock, please see Proposal III of this Proxy Statement.

In granting equity awards, the Compensation Committee uses its judgment and discretion and does not issue a targeted number of equity awards, but rather reviews the executive's individual performance and the performance of the Company in the prior fiscal year to determine the appropriate value of the award at the time it is granted. Grants of equity awards to executive officers are also based upon each officer's relative position, responsibilities, historical and expected contributions to the Company, and the officer's vested balance and previous equity award grants, with primary weight given to the executive officer's relative rank and responsibilities. Initial equity award grants designed to recruit an executive officer to join the Company may be based on negotiations with the officer and with reference to historical equity grants to existing officers. In considering long-term incentives for the Named Executive Officers, the Compensation Committee considered the following business level accomplishments: profitable growth of its space photovoltaics business even in the current challenging business environment, the effects of the reductions in force and salary decreases to reduce the Company's cost of doing business, management of working capital to improve the Company's liquidity position, initiatives and activities for the strategic separation of the Company's Solar and Fiber businesses, and improvement of the Company's business performance. The ultimate value of the award depends in large part on the future performance of our Common Stock.

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In February 2009, the Compensation Committee awarded supplemental stock option grants to both Mr. Larocca and Dr. Iannelli. In connection with his promotion to Executive Vice President & General Manager of EMCORE's Solar Photovoltaics division, Mr. Larocca was awarded a promotional grant of options to purchase 30,000 shares of our Common Stock. Dr. Iannelli was granted options to purchase 25,000 shares of our Common Stock for fulfilling the role of interim General Manager of EMCORE's Solar Photovoltaics division. These grants vest in four equal installments over a four-year period, with the first installment of options vesting on the one-year anniversary of the grant date and equal amounts vesting on each subsequent anniversary of the grant date.

In May 2009, in connection with his appointment as Chief Operating Officer, the Compensation Committee approved for Mr. Larocca a one-time promotional grant of options to purchase 200,000 shares of our Common Stock. This grant vests in four equal installments over a four-year period, with the first installment of options vesting on the one-year anniversary of the grant date and equal amounts vesting on each subsequent anniversary of the grant date.

In July 2009, in connection with the Company's annual stock option retention grant plan and following consideration of individual contributions to the above-mentioned business accomplishments, and the relative rank and responsibility of each of the Named Executive Officers, the Compensation Committee approved the following stock option grant awards:

| Name | Number of Stock Options |
|-------------------------|-------------------------------|
| Reuben F. Richards, Jr. | 200,000 |
| Hong Q. Hou, Ph.D. | 200,000 |
| John M. Markovich | 100,000 |
| Christopher Larocca | 80,000 |
| John Iannelli, Ph.D. | 100,000 |

These grants vest in four equal installments over a four-year period, with the first installment of options vesting on the one-year anniversary of the grant date and equal amounts vesting on each subsequent anniversary of the grant date.

In August 2008, in connection with his appointment as Chief Financial Officer, the Compensation Committee approved for Mr. Markovich a grant of options to purchase 475,000 shares of the Company's Common Stock. Effective November 20, 2009, Mr. Markovich voluntarily forfeited all of these stock options. Mr. Markovich received no consideration in exchange for his forfeiture of these stock options.

At the time of his hire, the Company agreed that if performance metrics are met, the Company would recommend to the Compensation Committee of its Board of Directors that Mr. Markovich be granted options to purchase 125,000 shares of the Company's Common Stock in the second calendar quarter of 2010 as a performance based award. If granted, these options would vest equally over 4 years and expire 10 years after the grant date, and the exercise price of these options would be the closing price of the Company's Common Stock on the grant date, as determined pursuant to the Company's 2000 Stock Option Plan.

The exercise price for each of the above-described grants of options was the closing price of the Common Stock on the grant date.

Based on our review of historical stock option granting practices in fiscal 2006, the Audit Committee concluded that, pursuant to Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations, the applicable measurement dates on certain stock options awarded differed from the grant dates previously used in accounting for such awards. Certain affected options may be deemed to have been granted with

below-market exercise prices, which could have potentially subjected the affected option grantee to adverse taxation under Section 409A of the Internal Revenue Code, referred to as Section 409A.

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To provide employees of the Company holding those options with an opportunity to avoid such adverse taxation, the Company commenced a special tender offer on November 19, 2008. The tender offer allowed those employees to tender options that were potentially subject to Section 409A for replacement. Following the completion of the tender offer on December 17, 2008, each tendered option was amended to increase the exercise price of the option to closing price as of the actual measurement dates that should have been used for financial accounting purposes. Accordingly, the Company entered into agreements with Dr. Hou and Dr. Iannelli since they both received discounted option grants prior to becoming Section 16 officers of the Company. To compensate them for the increased amounts reflected in the exercise price of their amended options, the Company paid Dr. Hou \$9,100 and Dr. Iannelli \$1,560 in January 2009.

Company Benefits

EMCORE's benefits are an important tool in our ability to attract and retain outstanding employees throughout the Company. As a business matter, we weigh the benefits we need to offer to attract and retain talented employees against the benefits we can afford to pay and still remain competitive. Benefit levels are reviewed periodically to ensure they are cost-effective and competitive and support the overall needs of Company employees.

This section describes the benefits that EMCORE provides to key executives and notes those instances when benefits for the Named Executive Officers differ from the general plan. In some instances, we also describe the programs we offer across the Company as context to specific discussions about executive benefits.

Medical, Dental, and Vision Benefits

The Company offers a standard benefits package to all of its employees, which includes medical, dental, and vision coverage. The Named Executive Officers receive coverage at 100% whereas all other employees of the Company receive coverage ranging from 50% - 100% depending on the service performed.

Company-sponsored Retirement Plans

The EMCORE Corporation 401(k) Plan (the "401(k) Plan") is a defined contribution plan with a 401(k) arrangement and is designed to comply with ERISA, the Internal Revenue Code of 1986, as amended (the "Code"), as well as federal and state legal requirements. The 401(k) Plan is designed to provide retirement benefits to eligible employees of EMCORE and is administered by Prudential Financial. Participants in the 401(k) Plan may elect to reduce compensation by a specific percentage, which is contributed to the participant's 401(k) account on a pre-tax basis as a salary deferral.

Employees may elect to contribute to the 401(k) Plan through salary reduction up to the yearly maximum tax-deductible deferral allowed pursuant to IRS regulations. A participant may elect to defer between 1-30% of his or her compensation per pay period. The deferral amount will not be subject to income tax until distribution. Each participant is able to direct his or her investment into any of the available investment options. Participant's contributions are vested at 100%.

EMCORE may provide a discretionary match of 50% of the first 6% of base compensation of a participant's contribution to the 401(k) Plan and this matching contribution vests over an initial five-year period. This matching contribution is in the form of the Company's Common Stock. Participants are able to exchange out of the Company's Common Stock to other investment options within the 401(k) Plan upon receipt of the Company match. Exchanges from other investment options to the Company's Common Stock are not permitted under the 401(k) Plan.

An employee becomes eligible to participate in the 401(k) Plan on the first day of the month following his or her date of hire and attaining the age of 20 years. A temporary or part-time employee is not eligible to participate in the 401(k) Plan until they have reached 1,000 work hours. An EMCORE re-hire is eligible to participate in the 401(k) Plan immediately.

Perquisites

EMCORE provides perquisites to key executive officers, including the Named Executive Officers, as a recruiting and retention tool. We believe that our perquisites are appropriate and we typically benchmark our perquisites against generally accepted corporate practices.

For more information regarding perquisites provided to the Named Executive Officers in fiscal 2009 see the footnotes to the "All Other Compensation" column of the Summary Compensation Table.

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EMCORE's Severance Policy and Severance Agreements

Under the Company's Executive Severance Policy, participants are eligible to receive certain severance benefits if their employment with the Company is terminated and the termination constitutes a "Separation of Service" within the meaning of Section 409A of the Code. However, participants are not eligible to receive severance benefits if they are terminated with cause, due to death or disability or if they voluntarily terminate their employment other than for good reason. In addition, a participant that is eligible to receive severance benefits under the Severance Policy must execute an agreement (a "Separation Agreement") prepared by the Company that includes, among other things, a release by the participant of the Company from any liability or obligation to the participant. A participant will not receive severance benefits if the participant does not enter into a Separation Agreement with the Company and all severance benefits will cease if the participant violates any provision of his or her Separation Agreement.

Under the Severance Policy participants at the Chief /C-level Officers or higher will receive (i) for those hired or promoted prior to May 1, 2007, the continuation of their base salary for a period equal to one year and two weeks plus two additional weeks for each year the participant was employed by the Company, or (ii) for those hired or promoted on or after May 1, 2007, the continuation of their base salary for a period equal to one year and one week plus one additional week for each year the participant was employed by the Company. All severance payments under the Company's Executive Severance Policy will be paid out over time and on the regular paydays of the Company, to the extent administratively feasible.

Participants at the Vice President level will receive (i) for those hired or promoted prior to May 1, 2007, the continuation of their base salary for a period equal to five months and two weeks plus two additional weeks for each year the participant was employed by the Company, or (ii) for those hired or promoted on or after May 1, 2007, the continuation of their base salary for a period equal to five months and one week plus one additional week for each year the participant was employed by the Company.

If, following the sale, transfer, spin-off or other disposition to another party of the stock or assets of any subsidiary, business unit or division of the Company, a participant's employment is terminated after the end of a fiscal year but before annual cash incentive awards or pay-for-performance payments are distributed and the participant would otherwise be entitled to a cash incentive award, the participant will remain entitled to the annual cash incentive award or pay-for-performance payment attributable to the immediately preceding fiscal year. The Severance Policy also provides that participants will be eligible for certain benefits, including continued payment of certain health insurance premiums, outplacement services and other perquisites. The Company shall make this payment at the same time it pays this annual cash incentive awards or pay-for-performance payment to all of its other employees in accordance with the Company's normal practices but no later than March 15th of the applicable year.

Compensation of the Executive Chairman

The Compensation Committee annually reviews the compensation of Mr. Richards, Executive Chairman, and recommends any adjustments to the Board of Directors for approval. Mr. Richards participates in the same compensation programs and receives compensation based upon the same criteria as EMCORE's other executive officers. However, Mr. Richards' compensation reflects the higher level of responsibility that he has with respect to the strategic direction of EMCORE, the Company's financial and operating results, and interactions with the investment community.

The Compensation Committee determined that, other than the temporary base salary adjustments described above, it was not in the best interests of the Company and its shareholders to adjust the base salary of Mr. Richards or to award him any cash bonus during fiscal year 2009 due to the difficult economic conditions that existed during such time.

Tax and Accounting Considerations

Under Section 162(m) of the Code, EMCORE