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3COM CORP
Form 10-K/A
September 10, 2002

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SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-K/A
AMENDMENT NO. 1

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

For the Fiscal Year Ended May 31, 2002

Commission File No. 0-12867

OR

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

For the transition period from _____ to _____

3Com Corporation
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

94-2605794
(I.R.S. Employer
Identification No.)

5400 Bayfront Plaza
Santa Clara, California
(Address of principal executive offices)

95052
(Zip Code)

Registrant's telephone number, including area code (408) 326-5000

Securities registered pursuant to Section 12(b) of the Act: NONE

Securities registered pursuant to Section 12(g) of the Act: Common Stock, \$0.01
par value; Preferred Stock Purchase Rights

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 No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405
of Regulation S-K is not contained herein, and will not be contained, to the
best of Registrant's knowledge, in definitive proxy or information statements
incorporated by reference in Part III of this Form 10-K or any amendment to this
Form 10-K.

The aggregate market value of the Registrant's Common Stock held by
non-affiliates, based upon the closing price of the Common Stock on July 26,
2002, as reported by the Nasdaq National Market, was approximately
\$1,319,641,734. Shares of Common Stock held by each executive officer and
director and by each person who owns 5% or more of the outstanding Common Stock,

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based on Schedule 13G filings, have been excluded since such persons may be deemed affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of July 26, 2002, 358,545,977 shares of the Registrant's Common Stock were outstanding.

The Registrant's definitive Proxy Statement for the Annual Meeting of Stockholders to be held on September 24, 2002 is incorporated by reference in Part III of this Form 10-K to the extent stated herein.

PRELIMINARY NOTE

This amendment to the Registrant's Annual Report on Form 10-K for the fiscal year ended May 31, 2002 is being filed to include additional information under Item 13, as disclosed below. No revisions have been made to the Registrant's financial statements or any other disclosure contained in such Annual Report.

Part III

Item 11. Compensation of Directors

Eric A. Benhamou served as Chief Executive Officer of 3Com until December 31, 2000. As CEO, Mr. Benhamou's salary on an annualized basis was set at \$750,000 and his target bonus opportunity was 100% of salary. On January 1, 2001, Mr. Benhamou transitioned to the role of employee Chairman of the Board. Effective January 1, 2001, Mr. Benhamou's annualized base salary was set at \$400,000 and his target bonus opportunity was set at 50% of salary. During the fiscal year ended May 31, 2002, Mr. Benhamou received \$451,500 from us in salary and bonus. Mr. Benhamou is also eligible for annual stock option grants at a level commensurate with his current duties. The compensation arrangement for Mr. Benhamou's service as employee Chairman of the Board was previously disclosed in the Report of the Compensation Committee of the Board of Directors on Executive Compensation in 3Com's Proxy Statement filed with the Securities and Exchange Commission on August 13, 2001.

Item 13. Certain Relationships and Related Transactions.

Eric A. Benhamou, our Chairman of the Board, has been a director of Legato Systems, Inc. since March 1993. 3Com and Legato entered into an Enterprise Software License Agreement, effective as of June 28, 1999. In exchange for an \$850,000 payment from 3Com, Legato granted 3Com a perpetual license to use certain Legato software. Pursuant to the License Agreement, 3Com was permitted to deploy unlimited copies of such software during a three-year period. 3Com also made three separate update and support payments of \$179,748 in each of 1999, 2000, and 2001. In 2002, 3Com decided not to renew the provision of support services for the Legato software. Subsequently, Legato performed an audit of 3Com's use of their software and has alleged that 3Com "over-deployed" the Legato software. Legato claims they are now owed an additional payment by 3Com in the amount of \$410,000. 3Com is evaluating this claim, which may be subject to dispute or negotiation.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this amendment to be signed on its behalf by the undersigned, thereunto duly authorized, on the 10th day of September, 2002.

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3Com Corporation
(Registrant)

By /s/ Mark Slaven

Mark Slaven
Senior Vice President, Finance and
Planning, and Chief Financial Officer

CERTIFICATIONS

I, Bruce L. Claflin, certify that:

1. I have reviewed this annual report on Form 10-K of 3Com Corporation;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

September 10, 2002

/s/ Bruce L. Claflin

Bruce L. Claflin
Chief Executive Officer

I, Mark Slaven, certify that:

1. I have reviewed this annual report on Form 10-K of 3Com Corporation;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

September 10, 2002

/s/ Mark Slaven

Mark Slaven
Senior Vice President, Finance and
Planning, and Chief Financial Officer

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

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PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Bruce L. Claflin, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report of 3Com Corporation on Form 10-K for the fiscal year ended May 31, 2002 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Annual Report on Form 10-K fairly presents in all material respects the financial condition and results of operations of 3Com Corporation.

By: /s/ Bruce L. Claflin

Name: Bruce L. Claflin
Title: Chief Executive Officer

I, Mark Slaven, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report of 3Com Corporation on Form 10-K for the fiscal year ended May 31, 2002 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Annual Report on Form 10-K fairly presents in all material respects the financial condition and results of operations of 3Com Corporation.

By: /s/ Mark Slaven

Name: Mark Slaven
Title: Senior Vice President, Finance and Planning, and
Chief Financial Officer