

3COM CORP
Form 10-Q
April 10, 2003

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended February 28, 2003

or

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

For the transition period from to

Commission File No. 0-12867

3Com Corporation

(Exact name of registrant as specified in its character)

Delaware
(State or other jurisdiction of
incorporation or organization)

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

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5500 Great America Parkway
Santa Clara, California
(Address of principal executive offices)

95052
(Zip Code)

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

Former name, former address and former fiscal year, if changed since last report: N/A

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 whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of March 21, 2003, 362,314,245 shares of the Registrant's Common Stock were outstanding.

This report contains a total of 47 pages of which this page is number 1.

3Com Corporation

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

3Com Corporation

Condensed Consolidated Statements of Operations

(In thousands, except per share data)

(Unaudited)

	Three Months Ended		Nine Months Ended	
	February 28, 2003	March 1, 2002	February 28, 2003	March 1, 2002
Sales	\$ 244,926	\$ 355,978	\$ 852,842	\$ 1,139,421
Cost of sales	132,536	222,506	439,109	810,184
Gross margin	112,390	133,472	413,733	329,237
Operating expenses:				
Sales and marketing	68,861	78,642	203,503	269,893
Research and development	39,035	72,275	134,561	231,376
General and administrative	25,543	27,417	78,082	97,202
Amortization and write down of intangibles	1,705	63,517	14,205	92,885
Restructuring charges	53,990	64,039	146,686	153,090
Loss on land and facilities, net		1,375	887	1,375
Total operating expenses	189,134	307,265	577,924	845,821
Operating loss	(76,744)	(173,793)	(164,191)	(516,584)
Loss on investments, net	(14,570)	(12,302)	(33,122)	(19,572)
Interest and other income, net	5,177	9,302	18,683	55,100
Loss before income taxes and cumulative effect of change in accounting principle	(86,137)	(176,793)	(178,630)	(481,056)
Income tax provision (benefit)	(6,895)	59,341	1,105	91,136
Loss before cumulative effect of change in accounting principle	(79,242)	(236,134)	(179,735)	(572,192)
Cumulative effect of change in accounting principle			(65,601)	
Net loss	\$ (79,242)	\$ (236,134)	\$ (245,336)	\$ (572,192)

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Basic and diluted loss per share:

Loss before cumulative effect of change in accounting principle	\$	(0.22)	\$	(0.67)	\$	(0.50)	\$	(1.65)
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Cumulative effect of change in accounting principle						(0.18)		
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