

3COM CORP
Form 8-K
August 11, 2006

**UNITED STATES
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):

August 7, 2006

3COM CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation)

0-12867

(Commission
File Number)

94-2605794

(IRS Employer
Identification No.)

**350 Campus Drive
Marlborough, Massachusetts
01752**

(Address of Principal Executive Offices)
(Zip Code)

Registrant's telephone number, including area code: **(508) 323-1000**

(Former name or former address, if changed since last
report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 1.01 Entry into a Material Definitive Agreement**Retention Grants**

On August 7 and 11, 2006, the Compensation Committee (the Committee) of the Board of Directors of 3Com Corporation (3Com) approved retention equity grants, transaction bonus incentives and a reward bonus for executives including 3Com's currently-employed named executive officers as follows:

| Officer | Title | Stock Options(1) | Restricted Stock(2) | Transaction Bonus - Restricted Stock(3) | Reward Bonus Payment(\$) |
|---------------------------|---|-----------------------------|--------------------------------|--|---|
| Donald M. Halsted, III | Executive Vice President and Chief Financial Officer | 475,000 | 225,000 | 125,000 | |
| Neal D. Goldman | Senior Vice President Management Services, Secretary and General Counsel | 475,000 | 225,000 | 125,000 | \$ 50,000 |
| Marc Willebeek-LeMair | Chief Technology Officer and Senior Vice President, Product Operations | 475,000 | 225,000 | | |

(1) Represents shares underlying stock options to purchase our common stock. These options vest ratably on an annual basis over a four-year period from the date of grant and have a term of 7 years. The exercise price was set at the closing price of our common stock on Nasdaq on the first Tuesday of the month immediately following the month in which the Committee's

action was taken (the First Tuesday Date), or September 5, 2006. These options will be issued pursuant our standard form of option agreement time-based vesting previously filed with the Securities and Exchange Commission.

- (2) Represents restricted shares of our common stock that vest ratably on an annual basis over a three-year period from the date of grant, which will be the First Tuesday Date. These grants will be issued pursuant to our standard form of restricted stock agreement time-based vesting previously filed with the Securities and Exchange Commission.
- (3) Represents restricted shares of our common stock that vest solely upon consummation of a transaction

whereby we
acquire
additional
interest in or
recapitalize
Huawei-3Com
Co., Ltd.
(H-3C), a
China-based
joint venture we
formed in
November 2003
with Huawei
Technologies
Co., Ltd.
(Huawei). Any
such transaction
must be
approved by our
Board of
Directors. These
executives may
not dispose of
vested shares for
a period of
one-year after
they vest, except
to pay for taxes
required to be
paid upon
vesting.

Anik Bose Consulting Agreement

On August 8, 2006, we entered into a Consultant Services Agreement, effective on August 15, 2006, with Anik Bose, whose employment with us as Vice President, Business Development will, on August 14, 2006, be terminated. Under the agreement, Mr. Bose's consulting services to us are limited to using his reasonable best efforts to consummate a transaction whereby we acquire additional interest in or recapitalize H-3C. Services shall include but are not limited to conducting and reporting on due diligence, conducting negotiations, raising funds and coordinating all other necessary and/or appropriate activities, communications and documentation related to the transaction with our management team and advisors. As consideration for these services, Mr. Bose will receive \$75,000 per month during the term of the agreement, and a payment of \$1.25 million within thirty (30) days after the closing of a transaction (if a closing occurs). The initial term of the agreement is six months, and the agreement will be extended in subsequent 30-day increments if a transaction has not been closed prior to the end of the initial or any subsequent term. The contract is terminable by us for breach or failure to perform or, after the initial term, if the transaction has been abandoned (evidenced by cessation of good faith negotiations between us and Huawei for at least 3 weeks). The contract also provides that if a transaction other than the type anticipated results in significant value to us to which Mr. Bose has significantly contributed but which does not entitle him to the bonus payment, the parties will negotiate to consider an additional fee. As a result of the termination of Mr. Bose's status as employee, he will receive the severance benefits previously disclosed by us as applicable to senior officers and Section 16 officers.

The terms of the Agreement summarized above are qualified in their entirety by the actual terms of the agreement, which are attached to this Current Report on Form 8-K as Exhibit 10.1.

ITEM 9.01 Financial Statements and Exhibits

(c) Exhibits

Exhibit Number Description

| | |
|------|---|
| 10.1 | 3Com Corporation Consultant Services Agreement made as of August 8, 2006 by and between 3Com Corporation and Anik Bose. |
|------|---|

SIGNATURE

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 hereunto duly authorized.

3COM CORPORATION

Date: August 11, 2006

By: /s/ Neal D. Goldman
Neal D. Goldman
Senior Vice President Management
Services, Secretary and General
Counsel

EXHIBIT INDEX

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