3COM CORP
Form DEF 14A
August 14, 2008

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A INFORMATION
Proxy Statement
Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant þ
Filed by a Party other than the Registrant o
Check the appropriate box:

o Preliminary Proxy Statement
o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
þ Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to Rule 14a-12

3COM CORPORATION

(Name of Registrant as Specified In Its Charter)
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

þ No fee required.
o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

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(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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350 Campus Drive, Marlborough, Massachusetts 01752
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held September 24, 2008

Dear Stockholder:

We cordially invite you to attend our Annual Meeting of Stockholders, which will be held on Wednesday, September 24, 2008 at 7:00 a.m. local time at the Shangri-La Hotel, 29 Zizhuyuan Road, Beijing 100089, People s Republic of China (PRC). The purpose of the meeting is to:

1. Elect Messrs. Benhamou, DiCamillo, Long and Sege as Class II directors, each to hold office for a two-year term;

2. Approve amendments to the 2003 Stock Plan;

3. Approve an increase in the share reserve under the 1984 Employee Stock Purchase Plan;

4. Ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending May 2009;

5. Take action on a stockholder proposal requesting stock options granted to senior executives be performance-based , if properly presented at the meeting;

6. Take action on a stockholder proposal related to the declassification of 3Com s board of directors, if properly presented at the meeting; and

7. Transact such other business as may properly come before the meeting in accordance with 3Com s bylaws.

You are entitled to vote your 3Com common stock if our records showed that you held your shares as of the close of business on August 1, 2008. For ten days before the meeting, you can examine a list of the stockholders entitled to vote at the meeting for any purpose germane to the meeting during regular business hours at H3C, Oriental Electronic Bldg., No. 2 Chuangye Rd., Shangdi Communication Industry Base, Haidian District, Beijing 100085, PRC. The list will also be available during the meeting. **For the convenience of our U.S.-based investors we will provide remote participation for our meeting at our worldwide headquarters, 3Com Corporation, 350 Campus Drive, Marlborough, MA, at the time of the meeting, which is 7:00 p.m., Marlborough, MA-time, on Tuesday, September 23, 2008.**

By Order of the Board of Directors,

/s/ Neal D. Goldman

Neal D. Goldman, *Secretary*
August 14, 2008, Marlborough, MA

IMPORTANT: Please complete, date, sign and promptly mail the enclosed proxy card in the accompanying postage-paid envelope, or submit your proxy by telephone or the Internet. If you attend the meeting, you may revoke your proxy and vote in person if you are a registered holder or a beneficial holder with an acceptable omnibus proxy from the record holder.

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350 Campus Drive
Marlborough, Massachusetts 01752

PROXY STATEMENT

Important Notice Regarding Internet Availability of Proxy Materials for the Annual Meeting of Stockholders to be held on September 24, 2008. The Proxy Statement is available at www.proxyvote.com.

Your vote is very important. For this reason, our Board of Directors is requesting that you allow your common stock to be represented at the annual meeting by the proxies named on the enclosed proxy card. This solicitation is being made, and this proxy statement and form of proxy are being sent to you, in connection with the Board s request. These materials have been prepared for the Board by our management.

The annual meeting of stockholders will be held on Wednesday, September 24, 2008 at 7:00 a.m. local time at the Shangri-La Hotel, 29 Zizhuyuan Road, Beijing 100089, People s Republic of China. Remote participation for the annual meeting will be provided at our worldwide headquarters, 350 Campus Drive, Marlborough, MA, at the time of the meeting, which is 7:00 p.m., Marlborough, MA-time, on Tuesday, September 23, 2008. For directions to the annual meeting in Beijing or to the remote participation site, please call (508) 323-1198.

Our principal executive offices are located at 350 Campus Drive, Marlborough, Massachusetts 01752 and our telephone number is (508) 323-1000. This proxy statement and form of proxy are first being sent to our stockholders on or about August 14, 2008.

GENERAL INFORMATION

Our Financial Information. Our financial statements and related information are included in our Annual Report on Form 10-K, which is enclosed with this proxy statement.

Who Can Vote. You are entitled to vote your 3Com common stock if our records showed that you held your shares as of the close of business on August 1, 2008. We refer to this date as the Record Date. At the close of business on the Record Date, a total of 405,282,768 shares of common stock were issued and outstanding. You may vote in person or by proxy. Each share of 3Com common stock is entitled to one vote. There is no cumulative voting in the election of our directors.

Cost of this Proxy Solicitation. We will pay the cost of soliciting proxies. In addition to soliciting stockholders by mail and through our regular employees, we will request banks, brokers and other nominees to solicit their customers who hold our stock in street name and will reimburse them for their reasonable, out-of-pocket costs. We may also ask our officers, directors and others to solicit proxies, personally or by telephone, facsimile or electronic mail. None of these individuals will receive any additional or special compensation for soliciting proxies. We have retained Georgeson Inc., or Georgeson, to assist in the solicitation. We will pay Georgeson approximately $13,500 plus reasonable out-of-pocket expenses for its assistance. In addition, we will indemnify Georgeson against any losses arising out of that firm s proxy soliciting services on our behalf. We may retain additional proxy solicitation firms to assist in the solicitation of proxies. We will bear all reasonable solicitation fees and expenses if such a firm or firms is retained.

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Voting Your Proxy. If you hold your common stock in street name through a bank, broker or other nominee, you will receive instructions from your bank, broker or other nominee that you must follow to vote your shares. If you hold your shares in your own name as a holder of record, you may vote by signing, dating and mailing the proxy card in the postage-paid envelope that we have provided to you with this proxy statement, or submit your proxy by telephone or the Internet. If you attend the meeting, you may revoke your proxy and vote in person if you are a registered holder or a beneficial holder with an acceptable omnibus proxy from the record holder. The proxy holders will vote your shares as you instruct. If you sign and return a proxy card without specific voting instructions, your shares will be voted as recommended by our Board on all proposals described in this proxy statement and in the discretion of the proxy holders as to any other matters that may properly come before the annual meeting. The Board recommends that you vote FOR the election of Messrs. Benhamou, DiCamillo, Long and Sege as Class II directors, FOR the amendments to the 2003 Stock Plan, FOR the increase in share reserve under the 1984 Employee Stock Purchase Plan by 8,000,000 shares, FOR the appointment of Deloitte & Touche LLP as the Company s independent registered public accounting firm for the fiscal year ended May 2009, AGAINST the stockholder proposal requesting stock options granted to senior executives be performance-based and AGAINST the stockholder proposal requesting that 3Com s board of directors be declassified.

Revoking Your Proxy. To revoke your proxy if you are a holder of record, you must advise our Secretary in writing before the meeting, deliver a validly executed proxy with a later date that we receive prior to the meeting, or attend the meeting and vote your shares in person. You may revoke your proxy at any time before your shares are voted.

Quorum and Vote Required. The annual meeting will be held if a majority of the outstanding common stock entitled to vote is represented at the meeting (a quorum). Shares that are voted FOR, AGAINST, ABSTAIN or WITHHELD on a matter, and broker non-votes, are treated as being present at the meeting for purposes of establishing a quorum.

The total votes cast on a matter shall be equal to the aggregate of all shares that are voted FOR, AGAINST, or WITHHELD on such matter (the Votes Cast).

Proposal one (election of directors) shall be determined by a plurality of the Votes Cast. All other proposals shall be determined by a majority of the Votes Cast, which means that a majority of the Votes Cast must be voted FOR the proposal in order for it to pass.

Abstentions and Broker Non-Votes. Except as described in the last paragraph of this section, shares may be voted ABSTAIN (abstentions) and the company may receive what is termed as broker non-votes. A broker non-vote occurs when a broker submits a proxy card with respect to shares of common stock held in a fiduciary capacity (typically referred to as being held in street name), but cannot vote on a particular matter because the broker has not received voting instructions from the beneficial owner. Under the rules that govern brokers who are voting with respect to shares held in street name, brokers have the discretion to vote such shares on routine matters, such as the proposals for the election of directors and ratification of independent auditors, but not on non-routine matters, such as all the other proposals in this Proxy Statement.

Abstentions and broker non-votes are considered present for determining whether a quorum exists. Abstentions and broker non-votes, however, are not counted for determining Votes Cast. This has the effect of reducing the number of FOR votes required to pass a proposal because these votes are not considered at all in the calculation of whether a majority of Votes Cast has been achieved.

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Abstentions and broker non-votes are applicable to all proposals except (1) neither is applicable to the proposal for election of directors, and (2) broker non-votes are not applicable to the proposal for ratification of our independent auditor.

Householding of Proxy Materials. In an effort to reduce printing costs and postage fees, we have adopted a practice approved by the Securities and Exchange Commission called householding. Under this practice, stockholders who have the same address and last name will receive only one copy of our proxy materials, unless one or more of these stockholders notifies us that he or she wishes to continue receiving individual copies. Stockholders who participate in householding will continue to receive separate proxy cards.

If you share an address with another stockholder and received only one set of proxy materials and would like to request a separate copy of these materials, please (1) mail your request to 3Com, 350 Campus Drive, Marlborough, MA 01752, Attn: Investor Relations, or (2) call our Investor Relations department at (508) 323-1198. Similarly, you may contact us if you received multiple copies of the proxy materials and would prefer to receive a single copy in the future.

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PROPOSAL 1:
ELECTION OF DIRECTORS

Our bylaws authorize the Board to fix the number of directors. The exact number of directors is currently fixed at seven (7). Our Board is divided into two classes, with the classes serving for staggered two-year terms. Class II currently has five (5) members and Class I currently has two (2) members. Dr. Raj Reddy, a Class II member, is scheduled to retire upon the expiration of his current term at the 2008 annual meeting due to the mandatory retirement provision set forth in the Board Guidelines on Corporate Governance Issues described in this Proxy Statement. Accordingly, our Board has taken action such that immediately prior to our 2008 Annual Meeting, the size of our board will decrease to six (6) members, with four (4) Class II members and two (2) Class I members. Our Nominating and Governance Committee is actively searching for a replacement for Dr. Reddy to serve as an independent outside director (as such term is defined by The Nasdaq Stock Exchange, LLC and leading proxy advisory firms). The Nominating and Governance Committee has engaged an independent outside search firm to assist it in conducting this international search for a new Board member. Upon nomination of a suitable member, which we believe will be accomplished promptly after the shareholders meeting, our Board of Directors would enlarge the size of the Board to seven (7) members and elect the individual to fill the director vacancy. In accordance with our by-laws and other governing documents, any newly-appointed director filling a vacancy by enlargement of the board will be up for election at the next annual meeting of shareholders.

You may not vote for more than four (4) nominees at the annual meeting. Each of the four Class II directors to be elected at the 2008 annual meeting are to be elected to hold office until the 2010 annual meeting and until his successor has been duly elected and qualified or his earlier death, resignation or removal.

The Board s nominees as Class II directors are Messrs. Benhamou, DiCamillo, Long and Sege. If a nominee declines to serve or becomes unavailable for any reason, the proxies may be voted for such substitute nominee as the Board may designate. The Board believes that all nominees are willing and able to serve if elected.

VOTE REQUIRED

Directors will be elected by a plurality of the Votes Cast at the meeting and therefore votes withheld will not have an effect on this proposal. This means that the four nominees receiving the highest number of votes will be elected as Class II directors. Assuming a quorum is present, abstentions and broker non-votes will have no effect on the election of directors as they are not applicable to this proposal. **THE BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR MESSRS. BENHAMOU, DICAMILLO, LONG AND SEGE.**

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NOMINEES AND OTHER DIRECTORS

The following table sets forth the name, age, principal occupation during the past five years and the period of service as a director of 3Com Corporation (the Company or 3Com) of each (1) nominee, (2) director whose term of office will continue after the annual meeting, and (3) director whose term of office will expire at the annual meeting (and will not continue). Each nominee currently serves as a director. There are no family relationships among any directors or executive officers.

Nominees for Election

Eric A. Benhamou Director since 1990 Age 52	Mr. Benhamou has been our Chairman of the Board since July 1994. Since June 2005, this position has been in a non-employee capacity. Mr. Benhamou served as Chief Executive Officer of Palm, Inc. from October 2001 to October 2003. Mr. Benhamou served as our Chief Executive Officer from September 1990 to January 2001 and President from April 1990 through August 1998. Mr. Benhamou is currently Chairman and Chief Executive Officer of Benhamou Global Ventures, LLC, an investment vehicle he formed in 2004. Mr. Benhamou is also Chairman of the Board of Cypress Semiconductor Corporation, and a director of RealNetworks, Inc., SVB Financial Group and Voltaire, Inc. Mr. Benhamou also serves on the Executive Committee of TechNet.
Gary T. DiCamillo Director since 2000 Age 57	Mr. DiCamillo has been the President and Chief Executive Officer of GW Premier America, Inc. (formerly known as American Crystal, Inc.), a group of privately-held technical, professional and commercial staffing companies, since September 2005. Prior to that, he was President and Chief Executive Officer of TAC Worldwide Companies, a large privately-held technical and professional staffing company, from 2002 to 2005. Prior to that, Mr. DiCamillo was Chairman and Chief Executive Officer of Polaroid Corporation, a position he held from 1995 through 2002. Prior to joining Polaroid, Mr. DiCamillo served as Group Vice President of the Black & Decker Corporation and President of its Worldwide Power Tools and Accessories business from 1993 to 1995. Mr. DiCamillo is a director of Whirlpool Corporation.
James R. Long Director since 2000 Age 65	Mr. Long retired from his position as Executive Vice President of Nortel Networks, a global leader in telephony, data, wireless and wireline solutions for the Internet, in December 1999, a position he held since 1994. Mr. Long also served as President of Enterprise Solutions of Nortel Networks from 1997 through 1999, President of Nortel World Trade, based in London and Hong Kong, from 1994 through 1997, and Senior Vice President of Nortel s Asia Pacific Division from 1992 to 1994. Mr. Long is a director of Cypress Semiconductor Corporation.

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Ronald A. Sege
Director since 2008
Age 51

Mr. Sege has been our President and Chief Operating Officer and a member of our Board of Directors since April 2008. Mr. Sege most recently served as President and Chief Executive Officer of Tropos Networks, Inc. a provider of wireless broadband networks, from 2004 to 2008. He is currently a member of Tropos Board of Advisors. Prior to Tropos, Mr. Sege was President and Chief Executive Officer of Ellacoya Networks, Inc. a provider of broadband service optimization solutions based on deep packet inspection technology, from 2001 to 2004. Prior to Ellacoya, Mr. Sege was Executive Vice President of Lycos, Inc., an internet search engine, from 1998 to 2001. Prior to Lycos, Mr. Sege spent nine years at 3Com Corporation, from 1989 to 1998, serving in a variety of senior management roles including Executive Vice President, Global Systems Business Unit. Mr. Sege holds an MBA from Harvard University and a BA from Pomona College.

Continuing Directors

Robert Y. L. Mao
Director since 2007
Age 64

Mr. Mao has been our Chief Executive Officer since April 2008 and a member of our Board of Directors since March 2007. Prior to his appointment as Chief Executive Officer, Mr. Mao was most recently our Executive Vice President, Corporate Development from August 2006 to March 2007. Mr. Mao has over 30 years of experience in the telecommunications and IT industries. Before joining 3Com, Mr. Mao was President and Chief Executive Officer of Greater China for Nortel Networks from September 1997 to May 2006 and Regional President of Greater China for Alcatel from September 1995 to September 1997. Nortel and Alcatel are global suppliers of communication equipment serving both service provider and enterprise customers. At these positions, Mr. Mao managed operations in the People s Republic of China, Taiwan, Hong Kong and Macao. Mr. Mao also held senior managerial and technical positions at Alcatel and ITT in Asia and the U.S. Mr. Mao holds a Master s degree from Cornell University in Material Science and Metallurgical Engineering and earned a Master s degree in Management from MIT. Mr. Mao is the past Vice Chairman of the Board of Governors of the Pacific Telecommunication Council (from 2003 to 2005). Mr. Mao serves on the Board of Hurray! Holding Co., Ltd., a wireless value-added services provider.

Dominique Trempont
Director since 2006
Age 54

Mr. Trempont is currently a member of the Board of Directors and Audit Committee of Finisar Corporation, a position he has held since September 2005. Finisar is a public company that develops and markets optical components and modules for network equipment vendors, instruments and software for communications designers and products and services for large enterprise storage networks. Mr. Trempont also serves on the Board of Directors, and Chairs the Audit Committee, of Energy Recovery, Inc., a public company that helps water desalination plants recycle energy used in the desalination process. Mr. Trempont was CEO-in-Residence at Battery Ventures, a venture capital firm, from September 2003 to September 2005. Prior to Battery Ventures, Mr. Trempont was Chairman, President and Chief Executive Officer of Kanisa, Inc., a software company focused on customer self-service, contact center and peer support applications, from May 1999 to November 2002. Mr. Trempont has served as Chief Executive Officer of Gemplus Corporation, a smart card application company, and Chief Financial Officer at NeXT Software. Mr. Trempont began his career at Raychem Corporation, a high-tech material science company focused on the telecommunication, electronics and automotive industries, including holding the position of Chief Audit Officer. Mr. Trempont received an undergraduate degree in Economics from College St. Louis (Belgium), a bachelor s in Business Administration and Computer Sciences from IAG at the University of Louvain (Belgium) and a master s in Business Administration from INSEAD.

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Director Not Continuing After the Annual Meeting

Raj Reddy Director since 2001 Age 71	Dr. Reddy is the Mozah Bint Nasser University Professor of Computer Science and Robotics in the School of Computer Science at Carnegie Mellon University, a position he has held since 1969. He served as dean of the School from 1991 to 1999. Dr. Reddy served as co-chair of the President s Information Technology Advisory Committee from 1999 to 2001.

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PROPOSAL 2:
AMENDMENTS TO 2003 STOCK PLAN

On September 23, 2003, our stockholders adopted and approved the 3Com Corporation 2003 Stock Plan (the 2003 Stock Plan) and 20,000,000 shares of common stock were reserved for issuance thereunder. On June 22, 2005, our Board of Directors approved amendments to the 2003 Stock Plan, including an increase of 30,000,000 shares reserved for issuance. These amendments were approved by our stockholders on September 28, 2005. On June 18, 2008, our Board of Directors approved amendments to the 2003 Stock Plan which would, subject to approval by our stockholders:

- increase by 23,000,000 the number of shares of common stock available for grant under the 2003 Stock Plan;

- require that shares subject to awards of restricted stock or restricted stock units be counted as 1.43 shares for every one (1) share subject to such award for purposes of calculating the overall limit on total shares available for grant under the 2003 Stock Plan;

- clarify the method of counting awards of Stock Appreciation Rights, or SARs, such that awards of SARs be counted as one (1) share for every one (1) share covered by the SAR award for purposes of calculating the overall limit on total shares available for grant under the 2003 Stock Plan; and

- change the provisions relating to automatic grants of options to new independent directors to
  (i) move the date of their initial grants from the board meeting after they join the board to the fifth trading day of the month after the month in which they joined and

  (ii) delete the requirement that independent directors serve for six months before being eligible for an annual grant at the annual stockholders meeting.

In addition, our Board has agreed to limit the burn rate of share issuances under the 2003 Stock Plan and other compensatory 3Com equity plans over a three-year period, as described below.

If these amendments are approved by our stockholders at the annual meeting, a total of 73,000,000 shares of common stock will have been authorized under the 2003 Stock Plan.

As of August 1, 2008, a total of 12,353,938 shares remained available for future awards under the 2003 Stock Plan. If these amendments are approved, a total of 35,353,938 shares will be available for future awards.

We believe that equity is a key element of our compensation package and that equity awards encourage employee loyalty to 3Com and align employee interests directly with those of our stockholders. The 2003 Stock Plan, in particular, allows us to provide key employees and directors of, and consultants to, 3Com and its subsidiaries with equity incentives that are competitive with those of companies with which we compete for talent.

Without the amendment increasing the number of shares available for issuance, we believe that the number of shares currently available under the 2003 Stock Plan may not be sufficient to cover projected awards in fiscal 2009. In such event, we may not be able to provide key employees with compensation packages that are necessary to attract, retain and motivate these individuals. If the amendments to the 2003 Stock Plan are not approved, we will not be able to grant any awards to eligible participants once all the shares currently reserved under the 2003 Stock Plan have been used.

We believe that full value awards can be an important and effective part of an equity compensation strategy consistent with best practices and can help limit stockholder dilution related to our equity compensation program. However, we recognize that the issuance of full value awards can potentially be more costly to our stockholders than appreciation awards such as stock options or stock appreciation rights. Accordingly, any equity awards other than Options or Stock Appreciation Rights (such as grants of restricted stock or restricted stock units) with a purchase price less than fair market value on the date of grant that are granted after shareholder approval of the amendments to the 2003 Stock Plan will be counted against the 2003 Stock Plan s share reserve as 1.43 shares for every one share subject to such award. Correspondingly, to the extent that a share that counted as 1.43 shares against the 2003 Stock Plan reserve at the time of grant is recycled back into the 2003 Stock Plan, the 2003 Stock Plan will be credited with 1.43 shares that will thereafter be available for future issuance under the 2003 Stock Plan. Also, we will deduct from the 2003 Stock Plan reserve the full number of shares covered by stock appreciation rights granted to participants, irrespective of the number of shares actually issued upon exercise of the stock appreciation rights or the cash amount used to settle such SARs. If an award expires or becomes unexercisable without having been exercised in full, or, with respect to Restricted Stock, is forfeited back to or repurchased by the Company, such unpurchased, forfeited or repurchased shares become available for future grant under the 2003 Stock Plan. With respect to SARs, all shares which are the subject of an issued SAR shall cease to be available under the 2003 Stock Plan, except for SARs which expire or become unexercisable without having been exercised in full. Shares that have actually been issued under the 2003 Stock Plan will not become available for future grant, except for Restricted Stock repurchased by the Company at its original purchase price or that is forfeited (which do become available for future grant). For the avoidance of doubt, except for awards which expire or become unexercisable without having been exercised in full, the following shares shall not become available for issuance under the 2003 Stock Plan: (i) shares tendered as full or partial payment to the Company upon exercise of Options granted, or shares repurchased using cash proceeds upon exercise of Options granted, under the 2003 Stock Plan; (ii) shares reserved for issuance upon the grant of SARs, to the extent the number of reserved shares exceeds the number of shares actually issued upon exercise of the SARs; and (iii) shares withheld by, or otherwise remitted to, the Company to satisfy a participant s tax withholding obligations upon the lapse of restrictions on Restricted Stock or the exercise of options or SARs granted under the 2003 Stock Plan or upon any other payment or issuance of shares under the 2003 Stock Plan.

We propose to move the date of the automatic initial grant to new independent board members from the board meeting after they join the board to the fifth trading day of the month after the month in which they joined. The reason for this change is to conform this granting policy to our equity granting policy for employees, which was designed to be a best practice. We believe that the current granting date is somewhat arbitrary in that the next board meeting may take place in a few days or a few months whereas the fifth trading day policy is objective and provides a consistent approach to option granting.

We also propose to delete the requirement that independent directors serve for six months before being eligible for an annual grant at the annual stockholders meeting. We believe this provision is not appropriate or meaningful given the prospective nature of these annual grants.

In order to facilitate approval of this proposal and address any stockholder concerns regarding the number of shares subject to equity awards we intend to grant in the next three fiscal years, our Board commits to our stockholders that for fiscal years 2009, 2010 and 2011 we will not grant in the aggregate during such three fiscal years a number of 3Com shares subject to options or other equity awards to employees or other eligible participants (whether under the 2003 Stock Plan or other plans not approved by stockholders) such that the average number of 3Com shares granted during such three fiscal years is greater than 4.8% of the weighted average number of shares of our common stock that were outstanding at the end of each of the three fiscal years. For purposes of calculating the number of shares granted in a fiscal year hereafter, any shares of restricted stock or restricted stock units subject to an award with a purchase price less than fair market value on the date of grant will be counted as 1.50 shares for every one share subject to such award, based on stock price volatility.

The remaining amendments to the 2003 Stock Plan are conforming changes resulting from the foregoing proposed alterations or to address recent regulatory changes (such as the addition of a provision addressing Section 409A of the Internal Revenue Code).

As of August 1, 2008, we had approximately 6,000 employees worldwide, all of whom are eligible to be considered for awards under the 2003 Stock Plan. As of such date, 47,864,679 shares of common stock were issuable pursuant to outstanding awards granted under 3Com equity compensation plans, including the 2003 Stock Plan, and options assumed by us in connection with acquisitions. This represents 11.8% of our outstanding common stock, based upon the 405,282,768 shares outstanding on August 1, 2008. We believe this percentage is very competitive with other companies in our industry.

The closing price of a share of common stock on The NASDAQ Global Select Market on August 1, 2008 was $1.87. The proceeds received by us upon exercise of the awards by participants in the 2003 Stock Plan will be used for general corporate purposes.

Summary of the 2003 Stock Plan

The following is a summary of the material terms and conditions of the 2003 Stock Plan, as proposed to be amended. The full text of the 2003 Stock Plan, as proposed to be amended, is attached as Appendix A to this Proxy Statement.

Background and Purpose of the Plan

The 2003 Stock Plan permits the grant of the following types of incentive awards: (1) stock options, (2) restricted stock (in the form of restricted stock or restricted stock units) and (3) stock appreciation rights (individually, an Award). The 2003 Stock Plan is intended to attract, motivate, and retain employees, consultants, and non-employee directors who provide significant services to us. The 2003 Stock Plan also is intended to further our growth and profitability.

Administration of the Plan

Our Board of Directors or a committee appointed by our Board of Directors (the Committee) administers the 2003 Stock Plan. We generally expect that the members of the Committee will qualify as non-employee directors under Rule 16b-3 of the Securities Exchange Act of 1934, and as outside directors under Section 162(m) of the Internal Revenue Code (so that 3Com can receive a federal tax deduction for certain types of compensation paid under the 2003 Stock Plan). Option grants made pursuant to the automatic option grant program for our non-employee directors are administered by a committee comprised of members of our Board of Directors who are employees.

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Subject to the terms of the 2003 Stock Plan, the Committee has the sole discretion to, among other things:

- select the employees, directors and consultants to whom Awards may be granted;
- determine the number of shares of common stock covered by each Award;
- approve forms of agreements for use under the 2003 Stock Plan;
- determine the terms and conditions, not inconsistent with the terms of the 2003 Stock Plan, of any Award (for example, the exercise price and vesting schedule);
- interpret the terms of the 2003 Stock Plan and Awards;
- establish sub-plans for the purpose of qualifying for preferred tax treatment under foreign tax laws, satisfying foreign securities law or achieving other foreign legal compliance objectives; and
- modify or amend each Award, subject to the terms of the 2003 Stock Plan, including the discretionary authority to extend the post-termination vesting or exercisability.

The Committee may delegate any part of its authority and powers under the 2003 Stock Plan to one or more directors and/or officers of 3Com, but only the Committee itself can make Awards to participants who are executive officers of 3Com.

If an Award expires or is cancelled without having been fully exercised or vested, the unvested or cancelled shares generally will be returned to the available pool of shares reserved for issuance under the 2003 Stock Plan. However, shares tendered by participants as full or partial payment upon the exercise of options, shares repurchased using cash proceeds upon exercise of Options granted, shares reserved for issuance upon the grant of SARs (to the extent the number of reserved shares exceeds the number of shares actually issued upon exercise of the SARs) and shares withheld or tendered to cover a participant s tax withholding obligations with respect to an Award, will not be returned to the to the 2003 Stock Plan reserve. In addition, any equity awards other than Options or Stock Appreciation Rights (such as grants of restricted stock or restricted stock units) with a purchase price less than the fair market value on the date of grant will be counted against the share reserve as 1.43 shares for every one share subject to such award. Further, to the extent that a share that was subject to an Award that counted as 1.43 shares against the 2003 Stock Plan reserve pursuant to the preceding sentence is recycled back into the 2003 Stock Plan, the 2003 Stock Plan will be credited with 1.43 shares that will thereafter be available for issuance under the 2003 Stock Plan. Also, we will deduct from the 2003 Stock Plan reserve the full number of shares covered by stock appreciation rights granted to participants, irrespective of the number of shares actually issued upon exercise of the stock appreciation rights or the cash amount used to settle such SARs. Finally, if we experience a stock dividend, reorganization or other change in our capital structure, the Committee has discretion to adjust the number of shares available for issuance under the 2003 Stock Plan, the outstanding Awards, and the per-person limits on Awards, as appropriate to reflect the stock dividend or other change.

Eligibility to Receive Awards

The Committee selects the employees, directors and consultants who will be granted Awards under the 2003 Stock Plan. The actual number of individuals who will receive an Award under the 2003 Stock Plan cannot be determined in advance because the Committee has the discretion to select the participants.

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However, the committee comprised of our employee members of our Board of Directors, which administers the automatic grant program of options to our non-employee directors, shall not have any discretion to select which non-employee directors shall be granted options pursuant to the automatic option grant program.

Stock Options

A stock option is the right to purchase shares of 3Com s common stock at a fixed exercise price for a fixed period of time. Under the 2003 Stock Plan, the Committee may grant nonqualified stock options and/or incentive stock options (which entitle employees, but not 3Com, to more favorable tax treatment). The Committee will determine the number of shares covered by each option during any fiscal year of 3Com, except as set forth in the next sentence. For options that have an exercise price that is at least equal to the fair market value (on the date of grant) of the shares covered by the option, no participant may be granted options covering more than 1,750,000 shares, except an additional 1,750,000 shares may be granted to a participant in connection with his or her initial employment. This limit does not apply to options that have an exercise price lower than fair market value on the date of grant.

The exercise price of an incentive stock option must be at least 110% of fair market value if (on the grant date) the participant owns stock possessing more than 10% of the total combined voting power of all classes of stock of 3Com or any of its subsidiaries. Otherwise it must be 100% of the fair market value. The aggregate fair market value of the shares (determined on the grant date) covered by incentive stock options which first become exercisable by any participant during any calendar year also may not exceed $100,000.

An option granted under the 2003 Stock Plan cannot generally be exercised until it becomes vested. The Committee establishes the vesting schedule of each option at the time of grant. Options become exercisable at the times and on the terms established by the Committee. Options granted under the 2003 Stock Plan expire at the times established by the Committee, but the term of any Option shall be no more than 7 years from the date of grant.

The exercise price of each option granted under the 2003 Stock Plan must be paid in full at the time of exercise. The Committee also may permit payment through the tender of shares that are already owned by the participant, or by any other means which the Committee determines to be consistent with the purpose of the 2003 Stock Plan. The participant must pay any taxes 3Com is required to withhold at the time of exercise.

Automatic Stock Option Grants to Non-Employee Directors

The 2003 Stock Plan provides for the automatic granting of nonqualified stock options to our non-employee directors. These options will have a term of seven years and will have an exercise price per share equal to 100% of the fair market value per share on the date of grant.

Administration. Option grants to our non-employee directors are administered by a committee consisting of our employee directors. However, this committee does not have any discretion to select which non-employee directors will receive these grants.

Guidelines. The committee of employee directors will establish guidelines that determine the number of options to be granted to non-employee directors, subject to the limits described below. The guidelines must provide that the number of shares of 3Com common stock subject to each option will be equal for each eligible participant, except that special consideration may be given for the Chairman of the Board, the lead independent director, and service on Board committees.

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Initial Grant. Each person who first becomes a non-employee director will automatically be granted an option to purchase that number of shares specified in the guidelines then currently in effect. This initial grant may not exceed 120,000 shares of common stock (or 160,000 shares if the participant is the lead director or Chairman of the Board). An employee director who becomes a non-employee director will not receive an initial grant. The initial grants will vest as to 25% of the shares on each anniversary of the date of grant, so as to be 100% vested on the fourth anniversary of the date of grant, subject to the optionee remaining a director through such vesting dates.

Pro-Rata Grant. Additionally, at the time an initial grant is made to a new director, he or she will receive an option grant for a number of shares equal to the number specified in the guidelines then currently in effect, pro-rated to reflect the number of full months of service remaining prior to the next annual stockholder meeting. This pro-rata grant will vest as to 50% of the shares on each anniversary of the date of grant, so as to be 100% vested on the second anniversary of the date of grant, subject to the optionee remaining a director through such vesting dates. Vesting of the pro-rata grant may be accelerated if a change of control transaction occurs, as discussed below.

Annual Grant. On the date of each regularly scheduled annual stockholder meeting, each non-employee director will be automatically granted an option to purchase a number of shares specified in the guidelines. The option may not exceed 120,000 shares of common stock (or 160,000 shares if the participant is the lead director or Chairman of the Board on the date of grant). These annual grants will vest as to 50% of the shares on the day prior to the next year s regularly scheduled annual stockholder meeting, and as to the balance of the shares on the day prior to the regularly scheduled annual stockholder meeting of the second following year, so as to be 100% vested on the day prior to the annual stockholder meeting held approximately two years following the grant date, subject to the optionee remaining a director through such vesting dates.

Acceleration of Vesting. If an optionee s service as a director terminates more than six months after commencement of service as a non-employee director, then the option will immediately accelerate as to one year s additional vesting or, with respect to an annual grant, as to the number of shares that would have vested on the day prior to the next regularly scheduled meeting of the stockholders. The option will remain exercisable, to the extent vested on the date of termination of Board service, for one year following the termination date. However, if a non-employee director retires, the option will vest as to 100% of the shares and will remain exercisable for three years following the retirement. If a non-employee director ceases to serve as a non-employee director because of death or disability, the option will immediately accelerate as to one year s additional vesting or, with respect to an annual grant, as to the number of shares that would have vested on the day prior to the next regularly scheduled meeting of the stockholders, even if the termination of service occurs within six months following the commencement of service as a non-employee director.

Restricted Stock

Awards of restricted stock are awards of shares of our common stock that vest in accordance with the terms and conditions established by the Committee. Awards of restricted stock may be granted to employees, consultants and to members of our Board of Directors. The Committee will determine the number of shares of restricted stock granted to any participant. The form of such an Award may be actual shares of restricted stock or restricted stock units.

In determining whether an Award of restricted stock should be made, and/or the vesting schedule for any such Award, the Committee may impose whatever conditions to vesting that it determines to be appropriate. For example, the Committee may decide to grant an Award of restricted stock only if the participant satisfies performance goals established by the Committee.

Stock Appreciation Rights

Awards of stock appreciation rights may be granted pursuant to the 2003 Stock Plan. Stock appreciation rights may be granted to employees, consultants and to members of our Board of Directors. No participant may be granted stock appreciation rights covering more than 1,750,000 shares in any fiscal year of 3Com in the event the stock appreciation right s exercise price equals or exceeds 100% of the fair market value of the shares on the date of grant. This limit does not apply to stock appreciation rights with an exercise price less than 100% of fair market value.

The Committee determines the terms and conditions (including exercise price) of stock appreciation rights. However, no stock appreciation right may have a term of more than seven (7) years from the date of grant.

Upon exercising a stock appreciation right, the holder of such right shall be entitled to receive payment from 3Com in an amount determined by multiplying (i) the difference between the fair market value of a share on the date of exercise over the exercise price times (ii) the number of shares with respect to which the stock appreciation right is exercised.

3Com s obligation arising upon the exercise of a stock appreciation right may be paid in shares or in cash, or any combination thereof, as the Committee may determine.

Change of Control

Stock Options and Stock Appreciation Rights. In the event of a change of control of 3Com, the successor corporation will either assume or provide a substitute award for each outstanding stock option and stock appreciation right. In the event the successor corporation refuses to assume or provide a substitute award, the Committee will provide at least 15 days notice that the option or stock appreciation right will immediately vest and become exercisable as to all of the shares subject to such Award and that such Award will terminate upon the expiration of such notice period.

Restricted Stock. In the event of a change of control of 3Com, any 3Com repurchase or reacquisition right with respect to restricted stock will be assigned to the successor corporation. In the event that 3Com s repurchase or reacquisition right is not assigned to the successor corporation, 3Com s repurchase or reacquisition right will lapse and the participant will be fully vested in the shares of restricted stock.

Automatic Non-Employee Director Options. In the event of a change of control of 3Com in which the non-employee directors are terminated or asked to resign, either upon the change of control or within one year following the change of control, their automatic stock option grants described above will vest 100% immediately prior to the change of control. In the event of a change of control in which the non-employee directors are not terminated or asked to resign, their automatic stock option grants will be treated the same as all other stock options.

Certain Terminations Within Twelve Months Following a Change of Control. In the event that, within twelve (12) months following a change of control, a participant s employment with 3Com is terminated involuntarily by 3Com without cause as defined in the 2003 Stock Plan, then the participant s

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award will have their vesting accelerated as to fifty percent (50%) of the shares that are unvested as of the date of termination of employment.

Non-Transferability of Awards

An Award may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the participant, only by the participant.

Federal Tax Aspects

The following paragraphs are a summary of the general federal income tax consequences to U.S. taxpayers and 3Com of Awards granted under the 2003 Stock Plan. Tax consequences for any particular individual may be different.

Nonqualified Stock Options. No taxable income is reportable when a nonqualified stock option is granted to a participant. Upon exercise, the participant will recognize ordinary income in an amount equal to the excess of the fair market value (on the exercise date) of the shares purchased over the exercise price of the option. Any additional gain or loss recognized upon any later disposition of the shares would be capital gain or loss.

Incentive Stock Options. No taxable income is reportable when an incentive stock option is granted or exercised (except for purposes of the alternative minimum tax, in which case taxation is the same as for nonqualified stock options). If the participant exercises the option and then later sells or otherwise disposes of the shares more than two years after the grant date and more than one year after the exercise date, the difference between the sale price and the exercise price will be taxed as capital gain or loss. If the participant exercises the option and then later sells or otherwise disposes of the shares before the end of the two- or one-year holding periods described above, he or she generally will have ordinary income at the time of the sale equal to the fair market value of the shares on the exercise date (or the sale price, if less) minus the exercise price of the option.

Stock Appreciation Rights. No taxable income is reportable when a stock appreciation right (with an exercise price at least equal to the fair market value of the stock on the date of grant) is granted to a participant. Upon exercise, the participant will recognize ordinary income in an amount equal to the amount of cash received and the fair market value of any shares received. Any additional gain or loss recognized upon any later disposition of the shares would be capital gain or loss.

Restricted Stock. A participant will not have taxable income upon grant unless he or she elects to be taxed at that time. Instead, he or she will recognize ordinary income at the time of vesting equal to the fair market value (on the vesting date) of the shares or cash received minus any amount paid for the shares.

Tax Effect for 3Com. 3Com generally will be entitled to a tax deduction in connection with an Award under the 2003 Stock Plan in an amount equal to the ordinary income realized by a participant and at the time the participant recognizes such income (for example, the exercise of a nonqualified stock option). Special rules limit the deductibility of compensation paid to our Chief Executive Officer and to each of our four most highly compensated executive officers. Under Section 162(m) of the Internal Revenue Code, the annual compensation paid to any of these specified executives will be deductible only to the extent that it does not exceed $1,000,000. However, 3Com can preserve the deductibility of certain compensation in excess of $1,000,000 if the conditions of Section 162(m) are met. These conditions include stockholder approval of the

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2003 Stock Plan, setting limits on the number of Awards that any individual may receive and for Awards other than certain stock options, establishing performance criteria that must be met before the Award actually will vest or be paid. The 2003 Stock Plan has been designed to permit the Committee to grant options and stock appreciation rights (but not restricted stock awards) that qualify as performance-based for purposes of satisfying the conditions of Section 162(m), thereby permitting 3Com to continue to receive a federal income tax deduction in connection with such Awards.

Amendment and Termination of the 2003 Stock Plan

The Board generally may amend or terminate the 2003 Stock Plan at any time and for any reason; provided, however, that the Board cannot amend the Plan to permit the repricing, including by way of exchange or purchase for cash or other consideration, of any Awards under the Plan without stockholder approval.

New Incentive Plan Benefits

The future benefits or amounts that would be received under these amendments to the 2003 Stock Plan by executive officers and other employees are discretionary and are therefore not determinable at this time. The table below sets forth the stock options and shares of restricted stock or restricted stock units granted under the 2003 Stock Plan to the persons named in the Summary Compensation Table in this Proxy Statement, and the groups indicated below, during our 2008 fiscal year and the value of such stock options, restricted stock and restricted stock units on May 30, 2008.

Name	Number of Options	Dollar Value (1)	Number of Shares/Units	Dollar Value (2)
Current Named Executive Officers				
Robert Y. L. Mao (3)	2,000,000	$	1,500,000	$ 3,780,000
Jay Zager	400,000		150,000	378,000
Neal D. Goldman	475,000		295,000	743,400
Dr. Shusheng Zheng				
Former Named Executive Officers				
Edgar Masri				
Donald M. Halsted III				
Robert Dechant			180,000	453,600
Groups				
Current Executive Officers (5 persons)	2,875,000		1,945,000	4,901,400
Current Non-Employee Directors (5 persons)	32,000			
Non-Executive Officer Employees	954,625		6,233,025	15,707,223

(1) Represents the value of in-the-money options as determined by the excess, if any, of the closing price of our common stock on May 30, 2008,

as reported by The NASDAQ Global Select Market ($2.52), over the exercise price of stock options granted during our 2008 fiscal year.

(2) Represents the value of restricted stock, or restricted stock units, based upon the closing price of our common stock on May 30, 2008 as reported by The NASDAQ Global Select Market ($2.52), granted during our 2008 fiscal year.

(3) 1.5 million shares represents shares of restricted stock originally granted in connection with Mr. Mao s hiring as the Company s new Chief Executive Officer. On May 30, 2008, Mr. Mao cancelled these shares and the Compensation Committee of the Board approved a new grant of

restricted stock units, or RSUs, for 1.5 million shares, to be granted effective June 3, 2008 (which falls in our 2009 fiscal year). This follows an agreement between Mr. Mao and the Company that his initial hiring stock grant should take the form of restricted stock units, rather than shares of restricted stock. This was done for administrative purposes.

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Summary

We believe that the approval of the amendments to the 2003 Stock Plan is essential to our continued success. Awards such as those provided under the 2003 Stock Plan constitute an important incentive for key employees and other service providers of 3Com and help us to attract, retain and motivate people whose skills and performance are critical to our success. Our employees are our most valuable asset. We strongly believe that the 2003 Stock Plan is essential for us to compete for talent in the very difficult labor markets in which we operate.

VOTE REQUIRED

The affirmative vote of a majority of the Votes Cast is necessary to approve this proposal. Assuming a quorum is present, abstentions and broker non-votes are not counted for determining Votes Cast (which has the effect of reducing the number of FOR votes required to pass this proposal because these votes are not considered at all in the calculation of whether a majority of Votes Cast has been achieved).

THE BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR APPROVAL OF THE AMENDMENTS TO THE 2003 STOCK PLAN.

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PROPOSAL 3: APPROVAL OF INCREASE IN SHARE RESERVE UNDER 3COM 1984 EMPLOYEE STOCK PURCHASE PLAN BY 8,000,000 SHARES

Our Board has approved an increase in the number of shares of our common stock reserved under our 1984 Employee Stock Purchase Plan, as amended (the ESPP) by 8,000,000 shares, and we are asking you to approve this increase at the Annual Meeting. As of the Record Date, 1,711,449 shares of our common stock (excluding the 8,000,000 shares we are asking you to approve) were available for future purchases under the ESPP. The Board believes that the adoption of this proposal is in the best interests of 3Com for the reasons discussed below.

We seek to attract, motivate and retain talented and enterprising employees by rewarding performance and encouraging behavior that will improve our results. We believe that the ESPP plays an important role in achieving these objectives by encouraging employee stock ownership. Like many technology companies, we believe that equity-based incentive programs for our employees help to ensure a tight link between the interests of our stockholders and the interests of our employees and to enhance our ability to continue recruiting and retaining top talent.

Our management believes that the ESPP needs an increase in the share reserve to continue to operate.

Summary of the ESPP

The following paragraphs provide a summary of the principal features of the ESPP and its operation. Because the following is a summary, it may not contain all of the information that is important to you. You may obtain full a copy of the ESPP by making a written request addressed to Neal D. Goldman, Executive Vice President, Chief Administrative and Legal Officer and Secretary, 3Com Corporation, 350 Campus Drive, Marlborough, MA 01752. A copy of the ESPP was also filed as Exhibit 10.2 to our Form 10-K filed on July 25, 2008, which is available on the SEC s website at www.sec.gov.

Administration and Share Reserve

The ESPP is administered by our Board of Directors or a committee of the Board. Since its inception, a total of 46,687,441 shares of 3Com common stock have been reserved for issuance under the ESPP and 44,975,992 shares have been issued upon purchase as of the Record Date. (Please note that these figures take into account the significant adjustment to the number of shares under the ESPP as a result of our spin dividend of Palm, Inc. shares in 2000.) This proposal seeks your approval to increase the number of shares reserved for issuance under the ESPP by 8,000,000 shares to 54,687,441 shares.

Eligibility

Any employee of 3Com or any present or future subsidiary corporation (as defined by Section 424 of the Internal Revenue Code) of 3Com (including any officer or director who is also an employee) is eligible to participate in the ESPP as long as the employee is customarily employed for at least 20 hours per week. Employees of our H3C Technologies Co., Limited subsidiary (and its subsidiaries) and our employees that are Chinese citizens working China, however, are not eligible at this time. No person who owns or holds options to purchase, or who as a result of participation in the ESPP would own or hold options to purchase, 5% or more of our common stock is entitled to participate in the ESPP. As of the Record Date, approximately 475 employees participated in the ESPP.

Participation in an Offering

Each offering of our common stock under the ESPP is for a period of six months. Offering periods under the ESPP commence on April 1 and October 1 of each year (or the next business day if these dates are not business days) and end on September 30 and March 31 respectively. Notwithstanding the foregoing, the Board may establish a different term (including a term of up to 24 months) with interim six months purchase periods for one or more offering periods under the ESPP.

Participation in the ESPP is limited to eligible employees who authorize payroll deductions under the ESPP. At the present time, these payroll deductions may not exceed 10% of eligible pay. Once an employee becomes a participant in the ESPP, the employee will automatically participate in each successive offering period until the employee withdraws from the ESPP or the employee s employment terminates.

Purchase Price

The purchase price per share at which the shares of our common stock are sold under the ESPP generally will be equal to 85% of the lesser of the fair market value of our common stock on (a) the first day of the applicable offering period or (b) the last day of a six month purchase period. The closing price of 3Com s common stock as reported on The NASDAQ Global Select Market was $1.87 per share on August 1, 2008.

Shares Purchased

The number of shares of our common stock a participant purchases in each offering is determined by dividing the total amount of payroll deductions withheld from the participant s compensation by the purchase price per share. Participants may not purchase shares of our common stock having a value exceeding $25,000 in any calendar year. For this purpose, the value of 3Com common stock purchased in a given offering is determined as of the first day of that offering. Furthermore, a participant may not purchase more than 4,000 shares in a single offering, although this limit may be adjusted by our Board from time to time to reflect fluctuations in the value of 3Com common stock to the extent permitted by law. Any contributions not applied to the purchase of shares and greater than the value of one share are returned to the participant. Amounts insufficient to purchase a full share of 3Com common stock at the end of the offering are retained and combined with contributions for the next offering.

New Benefits Under 1984 Employee Stock Purchase Plan

Because awards to employees under the ESPP are based on voluntary contributions in amounts determined by the participant, the benefits and amounts that will be received or allocated under the ESPP are not determinable at this time. Therefore, we have not included a table reflecting such benefits or awards.

Based on their stockholdings as of August 1, 2008 (determined in accordance with Section 423 of the Code) all of our named executive officers (as defined in Compensation Discussion and Analysis below) will be eligible to participate in our ESPP, except for Messrs. Masri, Halsted and Dechant, who are no longer employed by the Company. Two of our currently employed named executive officers participated in our ESPP in fiscal year 2008. None of our non-employee directors will be eligible to participate in the ESPP.

Withdrawal

A participant may withdraw from an offering at any time but no later than five (5) business days prior to the end of the offering period. A withdrawing participant may not again participate in that same offering period but such withdrawal will not affect his or her eligibility to participate in future offerings.

Amendment or Termination

Our Board may at any time amend or terminate the ESPP, except that your approval of the amendment within twelve months of the adoption of the amendment is required to increase the number of shares authorized for issuance under the ESPP or to change the designation of corporations whose employees may purchase shares of 3Com common stock under the ESPP. The ESPP will terminate when all of the shares reserved for issuance under the ESPP have been issued or when earlier terminated by the Board.

Merger or Change in Control

In the event of a merger or a change in control which occurs during any offering period, the successor corporation or a parent or subsidiary of the successor corporation shall assume our obligation under the ESPP to permit the purchase of 3Com stock or substitute an equivalent option to purchase their shares. In the event that the successor corporation refuses to so assume or substitute, the offering period then in progress shall be shortened by setting a new purchase date that falls before the date of the proposed merger or change in control, and the period shall end on that date.

Federal Tax Aspects

The following paragraphs are a summary of the federal income tax consequences to U.S. taxpayers and 3Com of participation in the ESPP. Tax consequences for any particular individual may be different.

Tax Effect for Dispositions Within Two Years. If a participant disposes of shares purchased under the ESPP within two years from the first day of the offering or within one year from the date of purchase (a disqualifying disposition), the participant will realize ordinary income in the year of such disposition equal to the amount by which the fair market value of the stock on the date the stock was purchased exceeds the purchase price. The amount of the ordinary income will be added to the participant s basis in the shares, and any additional gain or resulting loss recognized on the disposition of the shares will be a capital gain or loss. A capital gain or loss will be long-term if the participant s holding period is more than twelve months, otherwise it will be short-term.

Tax Effect for Dispositions After Two Years. If the participant disposes of shares more than two years after the date the underlying right to purchase shares was granted and more than one year after the date the stock was purchased, the participant will realize ordinary income in the year of disposition equal to the lesser of (a) the excess of the fair market value of the shares on the date of disposition over the purchase price or (b) 15% of the fair market value of the shares on the first day of the offering in which those shares were purchased. The amount of any ordinary income will be added to the participant s basis in the shares, and any

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additional gain recognized upon the disposition after such basis adjustment will be a long-term capital gain. If the fair market value of the shares on the date of disposition is less than the purchase price, there will be no ordinary income and any loss recognized will be a long-term capital loss.

Tax Effect for 3Com. 3Com will be entitled to a deduction in the year of a disqualifying disposition equal to the amount of ordinary income recognized by the participant as result of the disposition. In all other cases, no deduction is allowed to 3Com.

Vote Required and Board Recommendation

The affirmative vote of a majority of the Votes Cast is necessary to approve this proposal. Assuming a quorum is present, abstentions and broker non-votes are not counted for determining Votes Cast (which has the effect of reducing the number of FOR votes required to pass this proposal because these votes are not considered at all in the calculation of whether a majority of Votes Cast has been achieved).

The Board believes that the proposed amendment to the ESPP is in the best interest of 3Com and its stockholders for the reasons stated above.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE APPROVAL OF AN INCREASE IN THE SHARE RESERVE UNDER THE 3COM 1984 EMPLOYEE STOCK PURCHASE PLAN BY 8,000,000 SHARES.

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CORPORATE GOVERNANCE

Board Independence

Our Board of Directors (the Board) has determined that each of Messrs. Benhamou, DiCamillo, Long, Reddy and Trempont are independent within the meaning of the listing standards of The NASDAQ Global Select Market. Messrs. Mao and Sege do not qualify as independent directors because they are 3Com employees. The NASDAQ rules have both objective tests and a subjective test for determining who is an independent director. None of the directors was disqualified from independent status under the objective tests other than those individuals who are or were employees of 3Com within prescribed periods. In assessing independence under the subjective test, the Board took into account the standards in the objective tests, and reviewed and discussed additional information provided by the directors and the Company with regard to each director s business and personal activities as they may relate to 3Com and 3Com s management. Based on all of the foregoing, as required by NASDAQ rules, the Board made a subjective determination as to each independent director that no relationships exists which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The Board has not established categorical standards or guidelines to make these subjective determinations, but considers all relevant facts and circumstances. In addition to the board-level standards for director independence, the directors who serve on the Audit and Finance Committee each satisfy additional standards established by the Securities and Exchange Commission (SEC).

In making its independence determinations, the Board considered transactions occurring since the beginning of fiscal 2006 between 3Com and entities associated with the independent directors that were identified to the Company. In making its subjective determination, the Board considered the transactions in the context of the NASDAQ objective standards, the special standards established by the SEC for members of audit committees, and the SEC and Internal Revenue Service (IRS) standards for compensation committee members. In each case, the Board determined that, because of the nature of the director s relationship with the entity and/or the amount involved, the relationship did not impair the director s independence. The Board s independence determinations included reviewing a series of purchase transactions that 3Com has with three different suppliers. Messrs. Benhamou, Long, Reddy and Trempont each serve on the board of directors of one of these suppliers. In each instance, however, the transaction levels were well below the limits established by the objective tests. Each director confirmed he did not participate in these business dealings or receive compensation based on them. Further, each director agreed to recuse himself from any future involvement in such transactions, confirmed he was not employed by such supplier and disclosed that he had only minimal equity ownership in the supplier.

Board Meetings

During fiscal year 2008, our Board of Directors held four (4) regularly scheduled meetings and fourteen (14) special meetings. Each director attended at least 75% of the total meetings of the Board and the committees on which he served.

Committees of the Board

The Board of Directors has established an Audit and Finance Committee, a Compensation Committee, a Nominating and Governance Committee and a Technology Committee. In addition, from time to time, the Board designates temporary committees to serve specific functions.

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The Audit and Finance, Compensation, and Nominating and Governance committees are separately-designated standing committees and each committee consists of only independent directors (as independence is defined under applicable standards, including those of The NASDAQ Global Select Market). In addition to being independent under NASDAQ s general independence standards, the Board has determined that each member of the Audit and Finance Committee meets the additional independence standards set forth by SEC rules. Membership of each committee is listed below.

Audit and Finance	Compensation	Nominating and Governance	Technology
Dominique Trempont*	Gary T. DiCamillo*	James R. Long*	Eric A. Benhamou
Gary T. DiCamillo	Dominique Trempont	Gary T. DiCamillo	Raj Reddy
James R. Long			Ronald A. Sege

* Current Chair

Audit and Finance Committee. Our Audit and Finance Committee met nineteen (19) times in fiscal year 2008. The Audit and Finance Committee engages our independent registered public accounting firm, approves services rendered by our independent registered public accounting firm, reviews the activities and recommendations of our internal audit department, and reviews and evaluates our accounting systems, financial controls and financial personnel. The Audit and Finance Committee also meets regularly with our independent registered public accounting firm and our director of internal audit without management present. The Board has determined that Messrs. Trempont, DiCamillo and Long, independent members of our Board, are each an Audit Committee Financial Expert, as defined by Item 407(d)(5) of Regulation S-K of the Securities Exchange Act of 1934. The Board has determined that each member of the Audit and Finance Committee meets the required NASDAQ standards for membership on such committee. Our Audit and Finance Committee operates under a written charter, a copy of which is available on our website at http://www.3com.com/corpinfo/en_US/investor/audit_finance.html. The Audit and Finance Committee makes reports to the Board of Directors on a regular basis.

Compensation Committee. Our Compensation Committee met fifteen (15) times in fiscal year 2008. The Compensation Committee reviews salaries and other compensation arrangements for our directors and executive officers and approves (or recommends to the full Board) such compensation, administers our stock option and stock purchase plans, and advises the Board on general aspects of our compensation and benefit policies. The Compensation Committee also evaluates and approves or makes recommendations to the Board regarding the performance of our Chief Executive Officer, as well as matters related to succession planning for executive officers. Our Compensation Committee operates under a written charter which is available on our website at http://www.3com.com/corpinfo/en_US/investor/comp_com.html. The Compensation Committee makes reports to the Board of Directors on a regular basis.

Nominating and Governance Committee. Our Nominating and Governance Committee met three (3) times in fiscal year 2008. The Nominating and Governance Committee focuses on the issues surrounding the composition and operation of the Board. The Nominating and Governance Committee assists the Board, the Chairman of the Board and the Chief Executive Officer in director selection, committee selection and rotation practices, evaluation of the overall effectiveness of the Board, and review and consideration of developments in corporate governance practices. The Nominating and Governance Committee recommends (to the full Board) directors for nomination to the Board and directors for committee appointments and committee chairs. The Nominating and Governance Committee will determine the effect of a director s change in employment status on such director s continued tenure on the 3Com Board. The Nominating and Governance Committee operates under a written charter which is available on our website at http://www.3com.com/corpinfo/en_US/investor/nom_gov.html. The Nominating and Governance Committee makes reports to the Board of Directors on a regular basis.

Technology Committee. Our Technology Committee met four times in fiscal year 2008. The Technology Committee was established to make recommendations to the Board of Directors regarding the long-term technology architecture and strategy that 3Com is pursuing. The Technology Committee meets with 3Com s technology and engineering leaders and reviews the tactical or strategic benefits of selected projects in light of 3Com s overall business strategy. The Technology Committee makes reports to the Board of Directors as appropriate.

Code of Ethics and Business Conduct and Complaint Procedures

Our Code of Ethics and Business Conduct, which is available on our website at http://www.3com.com, complies with the rules of the SEC and the listing standards of The NASDAQ Global Select Market.

The Audit and Finance Committee has also adopted procedures for the receipt, treatment and retention of complaints and concerns regarding accounting and auditing matters in compliance with the rules of The NASDAQ Global Select Market and the SEC. Employees may submit complaints (1) anonymously through our toll-free hotline (called the Ethics and Compliance Line), (2) to any member of our senior management team (in person, by email or by telephone) and/or (3) directly to the Chair of our Audit and Finance Committee. All complaints are treated confidentially. Concerns relating to accounting, internal controls or auditing matters are immediately brought to the attention of a member of our senior management, reviewed by the Audit and Finance Committee or one or more of its representatives, evaluated and (where appropriate) investigated. The Committee will determine what actions to take, if any. We will not retaliate against any person making a complaint in good faith.

Chairman of the Board and Lead Independent Director

Our Board is led by our Chairman of the Board, Mr. Benhamou, and by our lead independent director, Mr. DiCamillo.

Nomination of Director Candidates

The Nominating and Governance Committee makes recommendations to the Board regarding director nominees. The Nominating and Governance Committee identifies potential director candidates from any outside advisors it may retain, as well as from other members of the Board, executive officers and other contacts. The Nominating and Governance Committee will also consider nominees recommended by any stockholder entitled to vote in the election of directors. Any stockholder wishing to nominate an individual for election to the Board must comply with the advance notice procedures described at the end of this proxy statement. The nomination must contain the following information about the nominee: name; age; business and residence addresses; principal occupation or employment; the number of shares of common stock held by the nominee; the information that would be required under SEC rules in a proxy statement soliciting proxies for the election of such nominee as a director; and a signed consent of the nominee to serve as a director of 3Com, if elected. The Nominating and Governance Committee has not specified any minimum qualifications or specific qualities or skills necessary for serving on the Board. However, in its assessment of potential candidates, the Nominating and Governance Committee will review the candidate s character, business experiences and understanding of the Company s business environment, and ability to devote the time and effort necessary to fulfill his or her responsibilities, all in the context of the perceived needs of the Board at that time.

In fiscal 2008, the Nominating and Governance Committee retained a consulting firm to assist it in identifying and evaluating potential nominees for board membership. The function of this advisor is to meet with the Nominating and Governance Committee to discuss board needs in respect of new members (e.g., to add independent directors), identify possible board candidates, screen, interview and evaluate the qualifications of these candidates and make presentations to the Nominating and Governance Committee regarding candidates under consideration. From time to time, the advisor also attends Nominating and Governance Committee meetings at which candidates are discussed and assists the Nominating and Governance Committee in its consideration of these possible nominees.

Delegation to Committees

It is our general policy that all Board decisions should be approved by the Board as a whole, unless delegated to a committee. Currently these committees are the Audit and Finance Committee, Compensation Committee, Nominating and Governance Committee and Technology Committee. All members of the Audit and Finance Committee, Compensation Committee and Nominating and Governance Committee are independent within the meaning of the independence standards of The NASDAQ Global Select Market, including, in the case of the Audit and Finance Committee, the heightened independence standard required for such committee members. Each of these committees has adopted a written charter (available from our website), except for the Technology Committee.

Stockholder Communication with the Board of Directors

Stockholders who wish to communicate with our Board, or with any individual member of the Board, may do so by sending such communication in writing to the attention of the Corporate Secretary at the address of our principal executive office with a request to forward the communication to the intended recipient. Stockholder communications must include confirmation that the sender is a stockholder of the Company. All such communications will be reviewed by the Company s Corporate Secretary or Chief Financial Officer, as appropriate, in order to maintain a record of the communication, to assure director privacy, and to determine whether the communication relates to matters that are appropriate for review by our Board or by any individual director. Communications that (i) do not relate to the Company s business, (ii) contain material that is not appropriate for review by the Board based upon the established practice and procedure of the Board, or (iii) contain other improper or immaterial information, will not be forwarded to Board members.

Board Attendance at the Annual Meeting

Although we do not have a formal policy regarding attendance by members of the Board at our annual meetings of stockholders, directors are encouraged to attend annual meetings. In an effort to maximize director attendance at our annual meetings of stockholders, we attempt to schedule a meeting of the Board on the same day as the annual meeting of stockholders. All of our directors in office at the time (except Mr. Yovovich whose term ended at such meeting) attended the 2007 annual meeting of stockholders.

Audit and Finance Committee Pre-Approval Policies

The Audit and Finance Committee s policy is to pre-approve all audit and permissible non-audit services provided by the independent registered public accounting firm. These services may include audit services, audit-related services, tax services and other services. Pre-approval is generally detailed as to the particular services or category of services and is generally subject to a specific budget. The independent registered public accounting firm and management periodically report to the Audit and Finance Committee regarding the extent of services provided by the independent registered public accounting firm in accordance with this pre-approval, and its fees for the services performed to date. The Audit and Finance Committee also pre-approves the provision of particular services on a case-by-case basis.

Compensation Committee Interlocks and Insider Participation

The Compensation Committee during fiscal year 2008 consisted of Messrs. DiCamillo and Paul Yovovich, however Mr. Trempont replaced Mr. Yovovich on September 26, 2007 when Mr. Yovovich left our Board. None of these members is or has been an officer or employee of 3Com or any of our subsidiaries. No interlocking relationship existed during fiscal year 2008 between our Board or Compensation Committee and the board of directors or compensation committee of any other company.

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Board Guidelines on Corporate Governance Issues

Our corporate governance principles are set forth in our Board Guidelines on Corporate Governance Issues, which is available on our website at http://www.3com.com. These guidelines cover the following topics, each of which is summarized below:

- Primary functions of the Board of Directors;
- Authorization guidelines;
- Board access to senior management;
- Leadership of the Board;
- Charters of standing committees;
- Board selection process;
- Director s eligibility, education and term of office; and
- Board and committee meetings.

Primary Functions of the Board of Directors

The Board, which is elected by our stockholders, oversees the conduct of our business by management and reviews our financial objectives, major corporate plans, strategies, actions and major capital expenditures. Our directors are expected to promote the best interests of our stockholders in terms of corporate governance, fiduciary responsibilities, compliance with laws and regulations, and maintenance of accounting and financial controls. Our directors also participate in the selection, evaluation and, where appropriate, replacement of our chief executive officer and regularly approve a Chief Executive Officer succession plan. Directors also provide input to our Chief Executive Officer for the evaluation and recruitment of our principal senior executives.

Authorization Guidelines

Consistent with the Board s power to delegate management of the day-to-day operation of 3Com s business, the Board exercises business judgment in establishing and revising guidelines for authorization of expenditures or other corporate actions, and these are periodically be reviewed with management.

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Board Access to Senior Management

Our directors have complete access to our senior executive officers. Our directors use their judgment to ensure that contact with our senior executive officers is not distracting to our business operation or management reporting structure. Our Board expects our Chief Executive Officer to bring into board meetings managers who can provide additional insight into the matters being discussed or who have future potential that our Chief Executive Officer believes should be made visible to the Board.

Leadership of the Board

The leadership of the Board includes a Chairman of the Board and a lead independent director appointed by the Chairman. The Chairman works with the Secretary to disseminate materials to Board members and exercises initiative in recommending candidates for directorships and board committee assignments. The lead independent director serves as the focal point for independent directors regarding resolving conflicts with the Chief Executive Officer, or other independent directors, and coordinating feedback to the Chief Executive Officer on behalf of independent directors regarding business issues and board management. The lead independent director also serves as a special counsel to the Chief Executive Officer. The independent directors meet regularly without the Chief Executive Officer present.

Charters of Standing Committees

The current committee structure of the Board includes the following standing committees: Audit and Finance, Compensation and Nominating and Governance. The charters of each standing committee are reviewed periodically with a view to delegating committees with the authority of the Board concerning specified matters appropriate to such committee.

Board Selection Process

It is expected that all directors will be alert to potential Board candidates with appropriate skills and characteristics and communicate information regarding board selection matters to the Nominating and Governance Committee. The Nominating and Governance Committee is expected to exercise initiative in recommending to the Board candidates for directorships and board committee assignments. The Board endorses the value of seeking qualified directors from diverse backgrounds otherwise relevant to the Company s mission, strategy and business operations and perceived needs of the Board at a given time.

Director s Eligibility, Education, and Term of Office

Directors may not serve on the board of directors of more than five other public companies. Directors are reimbursed for costs incurred in connection with participating in a director education program that is accredited by Institutional Shareholder Services, or any similar organization. Directors are elected to hold office for a term of two years. As an alternative to term limits, the Chairman and lead director review each director s continuation on the Board at the conclusion of each two-year term. This also allows each director the opportunity to conveniently confirm his or her desire to continue as a member of the Board. Each director is required to submit a letter of resignation upon a job change. Such letter is to be accepted or rejected at the discretion of the Chairman. In addition, prior to accepting a position as a member of the board of directors of another public company, each director (other than the Chair of the Nominating and Governance Committee) is required to notify the Chair of the Nominating and Governance Committee of such matter and the Chair of the Nominating and Governance Committee is required to notify the lead independent director or the

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Chairman of the Board of such matter. Directors must retire from the board at the conclusion of any term during which the director reaches the age of seventy years.

Board and Committee Meetings

In preparation for meetings of the Board and its committees, the Chairman consults with the Chief Executive Officer regarding the agenda and content and, with support from the Secretary, disseminates to directors on a timely basis briefing materials regarding matters to be included in the meeting agenda, as well as minutes from prior meetings and any written reports by committees. Presentations to the Board may rely on directors having reviewed and digested information set forth in the briefing materials, thus allowing more time for discussion, clarification and feedback. The format of each quarterly Board meeting includes an executive session with the directors and Chairman. In addition, the independent directors meet in executive session on a regular basis. Adequate time is scheduled for completion of matters placed on the agenda of each meeting, including an annual off-site meeting of the Board to review long-term strategy. The Board has the authority to hire its own advisors and to have them present at meetings, as it deems necessary.

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DIRECTOR COMPENSATION

The following tables provide information on 3Com s annual compensation practices during fiscal year 2008 for our non-employee directors, as well as the actual compensation earned by non-employee directors who served during the 2008 fiscal year. The cash compensation described below is generally payable on a quarterly basis. Members of the Board are reimbursed for travel expenses to attend Board and committee meetings. During fiscal year 2008, our Chief Executive Officers (Messrs. Mao and Masri) and our President and Chief Operating Officer (Mr. Sege) did not receive any separate compensation for Board activities at the time they served as an employee of the Company concurrently with their board membership. Mr. Sege did receive an aggregate of $38,000 of consulting fees as a consultant to the Company during fiscal year 2008 but prior to the commencement of his employment and Board service with the Company. The Compensation Committee retains the services of leading compensation consulting firms to present relevant market practices and trends regarding director compensation.

Non-Employee Director Compensation (Fiscal Year 2008 Annual Compensation)

Annual Board Membership Compensation	
Chairman of the Board	$100,000
Lead Independent Director	75,000*
Other Directors	35,000
Committee and Attendance Compensation	
Committee Chair (other than Audit & Finance)	2,500
Committee Chair, Audit & Finance	5,000
Payment for each Board meeting attended	1,000
Payment for each Committee meeting attended	1,000

* A temporary increase in the retainer for the Lead Independent Director from $45,000 to $75,000 was approved by the Board for fiscal years 2008 and 2009 only. This increase was approved in recognition of the substantial work performed by, and to be performed by, the Lead Independent Director in connection with the transition of the senior

leadership of the
Company.

The foregoing amounts also represent the current annual compensation for non-employee directors for fiscal year 2009.

In addition, during fiscal 2008 certain non-employee directors received monthly cash fees for a limited duration for attendance at meetings of special committees formed for a limited purpose. These committees were constituted as follows: (1) Messrs. Benhamou, DiCamillo and Yovovich served on the Strategic Transaction Oversight Committee, or STOC, formed to oversee the Company s management in assessing a potential strategic transaction, providing direction to management in that regard and assisting the Board in its evaluation of the proposed acquisition by affiliates of Bain Capital Partners; (2) Mr. Trempont served on the TippingPoint Oversight Committee, or TPOC, formed to work with the Chief Executive Officer to review TippingPoint s strategic initiatives and assist the Board in fulfilling its oversight duties in respect of the Company s TippingPoint business; and (3) before he became employed as our Chief Executive Officer, Mr. Mao served on the H3C Oversight Committee, or H3COC, formed to work with management in reviewing strategic and key management decisions for H3C, acting as a liaison to the Board and assisting the Board in fulfilling its oversight duties in respect of the Company s H3C division. These committees are no longer in existence. Further, because the fiscal 2008 annual renewal grant of stock options to directors described below occurred during the final stages of negotiation of the proposed Bain Capital transaction, it

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was determined not to make such grant in fiscal 2008. In lieu thereof, Board members received cash payments over fiscal 2008 in a fixed amount intended to compensate them for the absence of the grant. All of the fees described in this paragraph have been included in the fee table set forth below.

Director Compensation in Fiscal Year 2008

Name	Fees Earned or Paid in Cash (1)($)	Stock Awards ($)	Option Awards (2)($)	Non-Equity Incentive Plan Compensation ($)	Changes in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Eric A. Benhamou	319,400		150,529				469,929
Gary T. DiCamillo	272,300		83,710		4,601(3)		360,611
James R. Long	151,913		80,051				231,964
Robert Y. L. Mao (4)	141,300		63,666				204,966
Raj Reddy	133,000		80,051				213,051
Dominique Trempont	180,130		109,310				289,440
Paul G. Yovovich (5)	69,168		81,757				150,925

(1) Includes fees for service on the STOC of $50,000 for Mr. Benhamou, $50,000 for Mr. DiCamillo and $30,000 for Mr. Yovovich; includes fees for service on the TPOC of $25,000 for Mr. Trempont; includes fees for service on the H3COC of $16,621 for Mr. Mao; includes fees in lieu of an annual

fiscal 2008 grant of equity of $150,400 for Mr. Benhamou, $100,800 for Mr. DiCamillo, $80,000 for Mr. Long, $76,660 for Mr. Mao, $80,000 for Mr. Reddy and $80,000 for Mr. Trempont; and includes $12,667 for consulting fees paid to Mr. Yovovich in his capacity as a consultant to the STOC for a short period following the end of his board service.

(2) Represents the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance with FAS123R (disregarding forfeiture assumptions), and thus may include amounts from awards granted during and prior to fiscal year 2008. See Director Grants of Plan-Based Awards in 2008

Fiscal Year table in this proxy statement for a detailed descriptions of option awards granted in fiscal year 2008.

(3) Directors are eligible to participate in the Company s nonqualified Deferred Compensation Plan. The Deferred Compensation Plan allows directors to defer the annual retainer and meeting fees compensation and postpone payment of taxes, and its earnings until a later date. The amount deferred is directed to a trust account with the Charles Schwab Trust Co., where directors are able to direct their investments within Schwab s full range of mutual funds. The account administrative fees are paid in full by 3Com. Because it is a nonqualified plan, the money deferred

remains an asset of 3Com and is subject to the general creditors of the Company in the event of bankruptcy or insolvency. Mr. DiCamillo s balance in the Deferred Compensation Plan as of May 30, 2008 was $231,139.

(4) Mr. Mao joined the Board of Directors on March 23, 2007 and earned a pro-rated portion of the annual board membership retainer. Mr. Mao was hired by the Company as Chief Executive Officer on April 30, 2008.

(5) Mr. Yovovich resigned from the Board on September 26, 2007. Because Mr. Yovovich s retirement from the board was a qualified board retirement under our 2003 Stock Plan, all of his unvested options received vesting acceleration upon his resignation.

Because these options were underwater, however, the value of accelerated equity is $0 and therefore no amounts are included in the All Other Compensation column.

Non-employee directors receive options to purchase common stock pursuant to the 2003 Stock Plan. The 2003 Stock Plan provides for the initial grant of an option to purchase shares of our common stock (identified as the Initial Grant in the Director Grants of Plan-Based Awards in 2008 Fiscal Year table, below) to each non-employee director, with a maximum of 120,000 shares to be subject to each such option (or 160,000 shares for the Chairman of the Board and the lead independent director). Additionally, at the time an initial grant is made to a new director, he or she also receives an option grant for a number of shares equal to the number of shares subject to the annual renewal grants made to continuing directors, described below, pro-rated to reflect the number of full months of service remaining prior to the next annual stockholder meeting (identified as the Pro Rata Grant in the Director Grants of Plan-Based Awards in 2008 Fiscal

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Year table, below). For continuing directors, an annual renewal grant is made effective with each regularly scheduled annual stockholder meeting, subject to the same share limits described for initial grants (identified as the Annual Grant in the Director Grants of Plan-Based Awards in 2008 Fiscal Year table, below). As described above, the annual renewal grant was not made in fiscal 2008. The actual number of shares to be subject to the options granted for Board and committee service is established by a committee of employee directors. All options granted have a seven-year term, and the initial grant vests 25% on each anniversary date of the grant and the pro rata grant and annual renewal grant vest over two years with the first 50% vesting one year after grant and the remaining 50% vesting two years after grant as long as the option holder continues to serve on the Board.

During fiscal year 2008, options were granted to non-employee directors under the 2003 Stock Plan for the following number of shares and at the per share exercise prices shown in the table below. As described above, the annual renewal grant was not made in fiscal 2008, so no grants were made in fiscal 2008 other than an award of 32,000 options to Mr. DiCamillo approved in recognition of the substantial work performed by, and to be performed by, the lead independent director in connection with the transition of the senior leadership of the Company.

Director Grants of Plan-Based Awards in 2008 Fiscal Year

Non-Employee Director	Initial or Pro Rata Grant	Annual Grant	Special Grant	Exercise Price(1) ($)	Fair Value at Grant(2) ($)	Aggregate Number of Options Outstanding 5/30/08
Eric A. Benhamou						4,222,395
Gary T. DiCamillo			32,000	2.6100	42,147	409,470
James R. Long						283,350
Raj Reddy						354,750
Dominique Trempont						125,333
Paul G. Yovovich						331,250

(1) The exercise price is equal to the closing price of the Company s common stock as quoted on Nasdaq on the date of grant.

(2) The grant date fair value is generally the amount the Company would expense in its financial statements over the award s service period, which is

calculated using the Black-Scholes option-pricing model.

The following table shows all outstanding equity awards held by the non-employee directors at the end of fiscal year 2008.

Director Outstanding Equity Awards at 2008 Fiscal Year-End

			Option Awards	
Name	**Number of Securities Underlying Unexercised Options (#) Exercisable**	**Number of Securities Underlying Options (#) Unexercisable**	**Option Exercise Price ($)**	**Option Expiration Date**
Eric A. Benhamou	263,922(1)	0	$5.2827	09/01/2008
	211,186(1)	0	$8.0146	11/30/2008
	99,245(1)	0	$5.2179	06/14/2009
	1,013,692(1)	0	$5.5416	07/21/2009
	263,560(1)	0	$5.9818	09/13/2009
	111,506(1)	0	$8.9210	12/10/2009

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Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Options (#) Unexercisable	Option Awards Option Exercise Price ($)	Option Expiration Date
	202,738(1)	0	$11.7565	07/11/2010
	37,046(1)	0	$ 4.9719	06/01/2008
	1,663,000(1)	0	$13.6875	08/01/2010
	37,500(2)	0	$ 4.0700	10/16/2012
	75,000(2)	0	$ 6.1500	09/23/2010
	75,000(2)	0	$ 4.3200	09/22/2011
	75,000(2)	0	$ 4.0400	09/28/2012
	47,000(2)	47,000	$ 4.4100	09/20/2013
Gary T. DiCamillo	79,500(1)	0	$10.0625	12/13/2010
	31,720(2)	0	$10.0625	12/13/2010
	39,750(2)	0	$ 3.7900	09/20/2011
	39,750(2)	0	$ 4.2600	09/24/2012
	39,750(2)	0	$ 6.1500	09/23/2010
	39,750(2)	0	$ 4.3200	09/22/2011
	39,750(2)	0	$ 4.0400	09/28/2012
	33,750(2)	33,750	$ 4.4100	09/20/2013
	0(2)	32,000	$ 2.6100	05/06/2015
James R. Long	34,600(2)	0	$18.0000	12/13/2010
	39,750(2)	0	$ 3.7900	09/20/2011
	39,750(2)	0	$ 4.2600	09/24/2012
	39,750(2)	0	$ 6.1500	09/23/2010
	39,750(2)	0	$ 4.3200	09/22/2011
	39,750(2)	0	$ 4.0400	09/28/2012
	25,000(2)	25,000	$ 4.4100	09/20/2013
Raj Reddy	39,750(2)	0	$ 4.0400	09/28/2012
	39,750(2)	0	$ 4.3200	09/22/2011
	39,750(2)	0	$ 6.1500	09/23/2010
	39,750(2)	0	$ 4.2600	09/24/2012
	39,750(2)	0	$ 3.7900	09/20/2011
	26,500(2)	0	$10.1250	01/19/2011
	79,500(1)	0	$10.1250	01/19/2011
	25,000(2)	25,000	$ 4.4100	09/20/2013
Dominique Trempont	19,875(1)	59,625	$ 4.9000	10/23/2013
	22,917(2)	22,916	$ 4.9000	10/23/2013
Paul G. Yovovich	39,750(2)	0	$18.0000	12/13/2010
	39,750(2)	0	$ 3.7900	09/20/2011

39,750(2)	0	$ 4.2600	09/24/2012
54,000(2)	0	$ 6.1500	09/23/2010
54,000(2)	0	$ 4.3200	09/22/2011
54,000(2)	0	$ 4.0400	09/28/2012
50,000(2)	0	$ 4.4100	09/20/2013

(1) The total option award (which is the sum of the number of shares exercisable, unexercisable and exercised) vests over four years.

(2) The total option award (which is the sum of the number of shares exercisable, unexercisable and exercised) vests over two years.

(3) As of the 2008 fiscal year end, Mr. Yovovich did not have any options unvested because all of his unvested options received vesting acceleration upon his Qualified Board Retirement on September 26, 2007.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table contains information, as of August 1, 2008, with respect to the beneficial ownership of our common stock by:

each individual or entity whom we know to own beneficially more than five percent of our common stock;

each director and nominee;

each of the current and former executive officers listed in the Summary Compensation Table for Fiscal Year 2008 table included in this proxy statement; and

all of our directors and current executive officers as a group.

Beneficial ownership is determined in accordance with the rules and regulations of the Securities and Exchange Commission and generally includes those persons who have voting or investment power with respect to the securities. Unless otherwise indicated, all persons named as beneficial owners of common stock have sole voting power and sole investment power with respect to the shares indicated as beneficially owned. In addition, unless otherwise indicated, all persons named below can be reached at 350 Campus Drive, Marlborough, Massachusetts 01752.

Name and Address of Beneficial Owner	Number of Shares of Common Stock Owned	Common Stock Underlying Options Exercisable Within 60 Days	Total Beneficial Ownership	Ownership Percent of Common Stock Beneficially Owned (1)
5% Stockholders				
Entities and individuals related to Citadel Limited Partnership (2) 131 S. Dearborn Street, 32nd Floor Chicago, IL 60603	38,521,187		38,521,187	9.5%
Entities related to Wells Fargo & Company (3) 420 Montgomery Street San Francisco, CA 94163	24,798,013		24,798,013	6.1%
Entities and individuals related to Silver Point Capital, L.P.(4) Two Greenwich Plaza Greenwich, CT 06830	22,500,000		22,500,000	5.6%
Entities related to Barclays Global Investors, N.A. (5) 45 Fremont Street San Francisco, CA 94105	20,931,141		20,931,141	5.2%
Directors and Named Executive Officers				
Non-Employee Directors				
Eric A. Benhamou (6)	1,208,146	4,185,349	5,393,495	1.3%
Gary T. DiCamillo	11,000	377,470	388,470	*
James R. Long	162,800	283,350	446,150	*

Raj Reddy	31,000	354,750	385,750	*
Dominique Trempont		42,792	42,792	*

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Name and Address of Beneficial Owner	Number of Shares of Common Stock Owned	Common Stock Underlying Options Exercisable Within 60 Days	Total Beneficial Ownership	Ownership Percent of Common Stock Beneficially Owned (1)
Employee Director				
Ronald A. Sege (7)	1,005,473		1,005,473	*
Named Executive Officers				
Robert Y. L. Mao (8)	150,000	32,375	182,375	*
Jay Zager (9)	430,188	125,000	555,188	*
Neal D. Goldman (10)	855,452	900,000	1,755,452	*
Dr. Shusheng Zheng (11)	47,494		47,494	*
Robert Dechant (12)	140,484	450,000	590,484	*
Donald M. Halsted, III (13)	216,489		216,489	*
Edgar Masri (14)	317,257	6,000,000	6,317,257	1.5%
All directors and current executive officers as a group (10 persons) (15)	3,901,553	6,301,086	10,202,639	2.5%

* 1% or less

(1) Percentage of beneficial ownership is based on 405,282,768 shares of common stock outstanding as of August 1, 2008. Shares of common stock subject to options currently exercisable, or exercisable within 60 days of August 1, 2008, are deemed outstanding for computing the percentage of

the person holding such options but are not deemed outstanding for computing the percentage for any other person.

(2) Based on a Schedule 13G that was jointly filed with the SEC on February 14, 2008 by Citadel Investment Group, L.L.C., Citadel Investment Group II, L.L.C., Citadel Limited Partnership, Kenneth Griffin, Citadel Holdings I LP, Citadel Equity Fund Ltd., Citadel Derivatives Group LLC.

(3) Based on a Schedule 13G that was jointly filed with the SEC on February 6, 2008 by Wells Capital Management Incorporated, Wells Fargo Funds Management, LLC, Wells Fargo Bank, National Association and

Wells Fargo Investments, LCC.

(4) Based on a Schedule 13G that was jointly filed with the SEC on July 24, 2008 by Silver Point Capital, L.P., Edward A. Mule and Robert J. O Shea relating to shares owned by Silver Point Capital Fund, L.P. and Silver Point Capital Offshore Fund, Ltd.

(5) Based on a Schedule 13G that was jointly filed with the SEC on February 6, 2008 by Barclays Global Investors, NA., Barclays Global Fund Advisors, Barclays Global Investors, Ltd, Barclays Global Investors Japan Trust and Banking Company Limited, Barclays Global Investors Japan Limited, Barclays Global Investors Canada Limited, Barclays Global Investors Australia

Limited and Barclays Global Investors (Deutschland AG).

(6) Includes 1,208,146 shares of common stock held in the Eric and Illeana Benhamou Living Trust dated September 11, 2000, of which Mr. Benhamou is a co-trustee.

(7) Includes 1,000,000 unvested shares of restricted stock issued to Mr. Sege.

(8) Does not include 1,500,000 shares underlying unvested restricted stock units granted to Mr. Mao.

(9) Includes 375,000 unvested shares of restricted stock issued to Mr. Zager.

(10) Includes 427,500 unvested shares of restricted stock issued to Mr. Goldman. Also includes

405,951 shares of common stock held in The Neal D. Goldman Trust, a revocable trust of which Neal D. Goldman and Angela Goldman are trustees.

(11) Does not include 133,333 shares underlying unvested restricted stock units granted to Dr. Zheng.

(12) Mr. Dechant s employment with the Company ended on June 30, 2008.

(13) Mr. Halsted is the Company s former Executive Vice President and Chief Financial Officer. He departed from those positions as of June 22, 2007 and his employment with the Company terminated July 27, 2007.

(14) Mr. Masri is the Company s former President and Chief Executive Officer. He

departed from those positions as of the close of business on April 29, 2008. Common stock totals include 81,031 shares held in trust for the benefit of Mr. Masri and members of his immediate family.

(15) Includes 1,802,500 unvested shares of restricted stock issued to current executive officers. Does not include 1,633,333 unvested shares of restricted stock units granted to current executive officers.

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The following table summarizes information related to our equity compensation plans as of May 30, 2008:

Equity Compensation Plan Information

Plan category(1)	**Number of securities to be issued upon exercise of outstanding options**	**Weighted average exercise price of outstanding options**	**Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in 1st column)**
Equity compensation plans approved by stockholders	27,310,086	$ 5.0043	11,499,958
Equity compensation plans not approved by stockholders (2)	13,807,919	5.6201	
Total	41,118,005	$ 5.2111	11,499,958