



IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

IN RE 3COM SHAREHOLDERS)
LITIGATION) CONSOLIDATED
C.A. No. 5067-CC

VERIFIED CONSOLIDATED AMENDED COMPLAINT

Plaintiffs, for their Verified Consolidated Amended Complaint against defendants, allege upon personal knowledge as to themselves, and upon information and belief as to all other allegations herein, as follows:

NATURE OF THE ACTION

1. This is a shareholder class action on behalf of the public shareholders of 3Com Corporation (“3Com” or the “Company”) for injunctive and other equitable relief in connection with the cashout merger transaction (the “Merger”) whereby 3Com would be acquired by an acquisition subsidiary of Hewlett Packard Company (“HP”) for \$7.90 per share pursuant to a November 11, 2009 Agreement and Plan of Merger (the “Merger Agreement”) approved by 3Com’s board of directors (the “Individual Defendants” herein).

2. The Merger is at an inadequate price, is the result of the Individual Defendants’ failure to maximize shareholder value, and is being presented to shareholders based on incomplete information.

3. The \$7.90 cash per share price woefully undervalues the Company. For instance, 3Com bought out the minority interest in the Company’s China-based joint venture, Huawei-3Com Co., Ltd. (“H3C”), at a price that valued H3C alone at \$4.55 per share, and H3C has, since 3Com’s acquisition, grown dramatically and gained significant market share in China. 3Com is now expanding H3C products into new markets outside

of China, with great success. Greater contribution from H3C propelled 3Com to report far better than expected results for its most recent quarter, and just three days before announcing the Merger, 3Com reported that it was the successful bidder in selling H3C products for long-term projects in South Africa and Brazil, demonstrating the success of H3C outside of China. 3Com stock, however, remains artificially depressed, particularly in the wake of a failed buyout by Bain Capital that was blocked in 2008 by federal regulators (the “2008 Buyout”). Numerous analysts have noted that 3Com is undervalued in the market. While the \$7.90 cash per share represents a premium to the current market price, that premium is illusory because the stock is so dramatically undervalued. Using the \$4.55 per share valuation for H3C alone, the Merger essentially values all of the rest of 3Com at less than \$3.50 per share, a woefully inadequate price.

4. Furthermore, the Individual Defendants tilted the process in favor of a sale by incentivizing 3Com’s financial advisor, Goldman Sachs & Co. (“Goldman”) with an outsized fee of \$41 million (roughly 1.5% of the deal value or over \$0.10 per share) that far exceeds the fees earned by advisors in similarly sized deals. *The Wall Street Journal’s* “Deal Journal,” in an article entitled “Goldman Scores Outsized M&A Fee,” wrote that “Goldman’s fee was based not only on 3Com’s sale but for its work advising 3Com on its scuttled deal with Bain Capital (which fell apart due to national security concerns).” Almost all of Goldman’s \$24 million fee in the 2008 Buyout (representing almost \$0.06 per share or over 1% of the total value of that deal) was contingent upon completion of that transaction and so lost when the deal was scuttled. Goldman’s current, \$41 million fee thus appears to be designed to allow Goldman to collect the lost

contingent fee from 2008, plus a new fee for the Merger, at the expense of 3Com shareholders.

5. Goldman's valuation analyses that form the basis of its fairness opinion deviate from accepted standards – including standards it applied in valuing 3Com about two years ago in the failed 2008 Buyout - the result being that Goldman severely undervalues 3Com and makes the \$7.90 per share consideration look fair when it is not. For instance, according to the preliminary proxy statement (the "Proxy") filed with the Securities Exchange Commission ("SEC") on December 4, 2009, Goldman's Discounted Cash Flow Analysis ("DCF Analysis") uses projections that treat stock based compensation as a cash expense, which serves to lower cash flow in each year and yield a lower valuation range in the analysis. By contrast, Goldman's discounted cash flow analysis for the 2008 Buyout appears to have excluded stock based compensation. There is no explanation for why Goldman excluded stock based compensation when valuing the Company in the 2008 Buyout but included it now in its valuation of the Merger consideration. Importantly, the financial projections prepared by 3Com management as set forth in the Proxy specifically exclude stock based compensation, indicating that Goldman used different projections than those disclosed in the Proxy, which served to lower the valuation of the Company.

6. Goldman also wrongly manipulated the discount rates to lower the valuation range. According to Goldman, 3Com's cost of equity, or "COE," was estimated at a range of 10.0% to 12.0%. Under accepted valuation standards, a company's weighted average cost of capital, or "WACC," is normally lower than its COE. Goldman's analysis upends these standards. According to the Proxy, Goldman

used a 11.5% to 15.5% WACC range in its discounted cash flow analysis in the Merger, even though it applied a 11.5% to 13.5% WACC range in the 2008 Buyout. This is compounded by the fact that 3Com's estimated COE dropped from a 12.5% to 14.5% range in the 2008 Buyout to its current 10.0% to 12.0% range. Goldman's methodology – to increase the WACC and WACC range despite a drop in COE – represents a fundamental change in the valuation methodology between the 2008 Buyout and the Merger that is unexplained in the Proxy or otherwise and unsupported. 3Com has more cash and less debt now than it did in 2008, and there is no legitimate reason for Goldman to increase the Company's WACC from 2008 or some how calculate that the Company's WACC should be higher than its COE.

7. The Proxy fails to provide 3Com shareholders with information necessary to make an informed decision on the Merger, even apart from the failure to explain or support Goldman's change in valuation methodologies or show the projections that Goldman used in its analyses. Notably, much of the now withheld information was disclosed in the proxy materials for the 2008 Buyout, including detailed, multi-year projections for the Company as a whole and for each of the Company's three operating units.

8. Plaintiffs seek to enjoin the Merger or, alternatively, to rescind the transaction and/or recover damages in the event that the transaction is consummated.

THE PARTIES

9. Plaintiff Alan Kahn has been, at all times relevant to the action, and continues to be, the owner of more than 47,000 shares of 3Com common stock.

10. Plaintiff David B. Shaev has been, at all times relevant to the action, and continues to be, the owner of 3Com common stock.

11. Plaintiff Leonard Ahern has been, at all times relevant to the action, and continues to be, the owner of 3Com common stock.

12. Plaintiff Richard Hall has been, at all times relevant to the action, and continues to be, the owner of 3Com common stock.

13. Plaintiff Larry McIntyre has been, at all times relevant to the action, and continues to be, the owner of 3Com common stock.

14. Plaintiff Ashok Madan has been, at all times relevant to the action, and continues to be, the owner of 3Com common stock.

15. Plaintiff County of York Employees Retirement Plan has been, at all times relevant to the action, and continues to be, the owner of 3Com common stock.

16. 3Com is a Delaware corporation with principal executive offices located at 350 Campus Drive, Marlborough, Massachusetts 01752. 3Com provides computer networking products and services, with \$1.3 billion in reported revenues for fiscal 2007. Through its now wholly owned subsidiary, H3C, 3Com holds a leading and/or majority market share for various computer networking products and services in China.

17. Defendant Robert Mao (“Mao”) has been a director of 3Com since March 2007 and the Company’s Chief Executive Officer since April 2008. Previously, Mao was 3Com’s Executive Vice President for Corporate Development from August 2006 to March 2007.

18. Defendant Ronald A. Sege (“Sege”) has been a director of 3Com and its President and Chief Operating Officer since April 2008.

19. Defendant Eric A. Benhamou (“Benhamou”) has been a director of 3Com since 1990, and has been Chairman since 1994. Benhamou was the Company’s CEO from 1990 to 2001, and then the CEO of Palm, Inc. (which was spun off from 3Com in 2000) from 2001 to 2003.

20. Defendant Kathleen A. Cote (“Cote”) has been a director of 3Com since 2008.

21. Defendant Gary T. DiCamillo (“DiCamillo”) has been a director of 3Com since 2000.

22. Defendant David H.Y. Ho (“Ho”) has been a director of 3Com since 2008.

23. Defendant James R. Long (“Long”) has been a director of 3Com since 2000.

24. Defendant J. Donald Sherman (“Sherman”) has been a director of 3Com since 2009.

25. Defendant Dominique Trempont (“Trempont”) has been a director of 3Com since 2006.

26. The Defendants identified in paragraphs 17-25 herein will hereinafter be referred to as the “Individual Defendants.”

27. Defendant HP is a Delaware corporation with principal executive offices located at 3000 Hanover Street, Palo Alto, California 94304.

28. Defendant Colorado Acquisition Corporation is a Delaware corporation formed by HP for the purpose of effectuating the Merger. Upon completion of the Merger, Colorado Acquisition Corporation will be merged with and into 3Com. References herein to “HP” include Colorado Acquisition Corporation.

CLASS ACTION ALLEGATIONS

29. Plaintiffs bring this action on their own behalf and as a class action, pursuant to Rule 23 of the Rules of the Court of Chancery, on behalf of all shareholders of the Company (except the defendants herein and any person, firm, trust, corporation, or other entity related to or affiliated with any of the defendants) and their successors in interest, who are or will be threatened with injury arising from defendants' actions as more fully described herein (the "Class").

30. This action is properly maintainable as a class action.

31. The Class is so numerous that joinder of all members is impracticable. There are over 392 million shares of 3Com common stock outstanding, held by thousands of 3Com shareholders who are members of the Class.

32. There are questions of law and fact which are common to the Class, including (a) whether the Individual Defendants have breached their fiduciary and other common law duties owed by them to plaintiffs and the other members of the Class; (b) whether the Individual Defendants have maximized shareholder value in connection with the Merger; and (c) whether the Class is entitled to injunctive relief or damages as a result of defendants' wrongful conduct.

33. Defendants have acted in a manner that affects plaintiffs and all members of the Class, alike, thereby making appropriate injunctive relief and/or corresponding declaratory relief with respect to the Class as a whole.

34. The prosecution of separate actions by individual members of the Class would create a risk of inconsistent or varying adjudications with respect to individual members of the Class, which would establish incompatible standards of conduct for

defendants, or adjudications with respect to individual members of the Class which would, as a practical matter, be dispositive of the interests of other members or substantially impair or impede their ability to protect their interests.

**THE MERGER IS THE RESULT OF A FLAWED PROCESS,
IS AT AN UNFAIR PRICE, AND IS BEING PRESENTED
FOR SHAREHOLDER APPROVAL BASED ON MATERIALLY
INCOMPLETE AND MISLEADING DISCLOSURES**

35. 3Com's operations are divided into three segments: H3C for large enterprise networking customers, 3Com for small and medium-size businesses and TippingPoint for security solutions.

36. H3C was formed as a joint venture between 3Com and Huawei Technologies Co. Ltd. ("Huawei") in November 2003 to develop computer networking products for the China market.

37. On January 27, 2006, 3Com paid \$28 million to acquire 2% of H3C from Huawei, which increased 3Com's stake in H3C to 51%. That transaction valued H3C at approximately \$1.4 billion.

38. In March 29, 2007, 3Com bought out Huawei's 49% share and obtained 100% ownership of H3C. That transaction valued H3C alone at approximately \$1.8 billion, 28.6% higher than H3C was valued just 14 months earlier.

39. H3C has experienced dramatic growth since 3Com obtained its 100% ownership. According to Forbes.com, H3C was ranked first in the Chinese storage area networks or "SAN" market, with a 52% market share, even though it only began its SAN offerings in March 2006.

40. 3Com is currently pursuing a "China Out" plan to bring the H3C product portfolio to the global marketplace. On November 9, 2009 (just two days before the

announcement of the Merger), Zacks Investment Research issued a report stating that 3Com had won several major projects through its China Out plan. This included H3C providing network infrastructure for 11 main airports in Brazil and creating a national network for South African government offices. Zacks noted that:

These deals are particularly encouraging, since the company has secured them after much competition. The revenue potential is also good and should have a positive impact on results, going forward.

3Com has a strong balance sheet and has reduced its long-term debt. The company expects to expand business, particularly outside of China and refocus on the U.S. market. With decent operating results and strength in the Tipping Point business, 3Com has outperformed management expectations and achieved profitability on a GAAP basis for the fifth consecutive quarter.

41. 3Com operates its Tipping Point subsidiary as a separate segment. On January 31, 2005, 3Com acquired TippingPoint Technologies, Inc., a provider of security systems for computer networks, for approximately \$430 million. 3Com then spent the next two and half years expanding and improving TippingPoint's operations and offerings. TippingPoint's products are now installed at 30% of Fortune 1000 companies.

42. Despite 3Com's success with TippingPoint, the market price of 3Com's shares has not reflected the increased value of the TippingPoint subsidiary. As a result, 3Com has, from time-to-time, explored the possibility of spinning off TippingPoint through an IPO of a minority interest, with 3Com as majority owner. This would accomplish a separate market valuation of TippingPoint apart from 3Com, with 3Com owning a majority interest and, therefore, continuing to participate in the expected future growth of the business. By acquiring TippingPoint by means of the Merger, HP would obtain a source for security products it could not offer its customers on its own. As noted

by analyst Steve Schuchart of Current Analysis: “This is huge for HP, it gives them legitimate network security.”

The Merger

43. The Merger was first announced in a press release issued by HP on November 11, 2009.

44. Under the terms of the Merger Agreement, 3Com shareholders will receive \$7.90 per share in cash for each 3Com share they own.

45. The Merger Agreement provides for a no-solicitation and matching provisions that require 3Com to provide HP with five business days notice of any intention to trigger a “fiduciary out” in response to a superior offer, and require 3Com to provide five business days of negotiations to permit HP to offer terms which would cause the competing offer to no longer constitute a superior offer. The Merger Agreement also provides for an unjustified excessive, \$99 million termination fee that, along with a \$10 million expense reimbursement fee, represents over 4% of the enterprise value of the Merger.

46. 3Com negotiated exclusively with HP and never contacted any other potential bidder. The termination fees and no-solicitation and matching provisions in the Merger Agreement are plainly designed to deter any competing bidder.

47. According to the Proxy, HP first contacted 3Com on July 30, 2009 with respect to an interest in acquiring the Company. 3Com was in the midst of considering “other strategic initiatives” at the time, but the Proxy does not provide any further disclosure of such initiatives. 3Com’s board met on August 10, 2009 and again on September 23, 2009, when the board was provided with an update of management’s three-year business plan (the “Management Plan”). At both meetings, the board was

informed by Goldman of expected consolidation in the networking industry, but the board never authorized contact with any potential bidder other than HP. Goldman was formally retained on October 1, 2009.

48. The board then met on October 9, 2009 and authorized 3Com management to undertake discussions with HP regarding a potential acquisition. At the next meeting on October 20, 2009, the board formed an *ad hoc* transaction oversight committee of defendants Benhamou, DiCamillo and Long to be the liaison with management in connection with management's discussions with HP.

49. On October 25, 2009, HP made a non-binding offer to acquire 3Com at \$7.80 per share in cash, subject to due diligence and a 28-day exclusive negotiating period. The board met on October 26, 2009, again ruled out contact with any other potential bidder for the Company, and authorized an exclusivity agreement with HP. HP upped its offer to \$7.90 cash per share and on October 27, 2009, the parties signed an exclusivity agreement that provided HP with a 21-day exclusive negotiating period, expiring November 16, 2009.

50. During the week of October 26, 2009, HP and 3Com negotiated the terms of certain retention agreements with members of 3Com management and executed retention term sheets. HP was first provided access to an on-line data room on October 28, 2009.

51. The board's next meeting with respect to the Merger took place on November 10, 2009. At the meeting, the board for the first time was presented with a "sensitivity case" where management lowered the projections from the Management Plan and provided those new projection to Goldman (the "Revised Management Plan").

Goldman then used the Revised Management Plan to update its earlier valuations based on the Management Plan. On November 11, 2009, the board met again and approved the Merger Agreement.

52. Although the Individual Defendants are duty-bound to advance the interests of 3Com shareholders by obtaining the maximum value reasonably available in any sale or other change-in-control transaction, defendants entered into the Merger at a woefully inadequate price. Despite the insufficient consideration offered in the Merger, certain of the Individual Defendants and certain executive officers of 3Com stand to receive lucrative payments upon consummation of the Merger, including the automatic vesting and triggering of cash payments associated with stock options and restricted stock, as well as change-in-control payments.

The Flawed Price, as Supported by Goldman’s Manipulated Analysis

53. The \$7.90 per share price agreed to by the Individual Defendants is woefully inadequate and is the result of the Individual Defendants’ failure to maximize shareholder value. Defendants’ assertions that the \$7.90 per share is financially fair to shareholders because it represents a premium to 3Com’s market price are misleading because that market price reflects a discount from fair value.

54. 3Com’s undervaluation is readily acknowledged by securities professionals. For instance, on November 12, 2009, *Bloomberg News* reported that:

“3Com is perhaps the most undervalued company in the networking space,” said Zeus Kerravala, an analyst with Yankee Group in Boston....

“3Com is the best-kept secret out there,” said Mark Fabbi, an analyst with market research firm Gartner Inc. in Toronto. The networking company recently announced several large contracts in Europe, including the French Postal Service and French railway system.

55. Jim Cramer at TheStreet.com wrote on November 12 that “Once again an undervalued company is getting swallowed up.”

56. H3C’s value alone is well in excess of the \$4.55 per share 3Com paid before H3C had achieved a majority market share in China and began rolling out its products for the global marketplace; the rest of 3Com is worth well in excess of \$3.50 per share. Indeed, 3Com admits that its Tipping Point subsidiary is not fairly valued in the market.

57. Exacerbating the flawed price is the fact that Goldman’s valuation work omitted a sum-of-the-parts analysis that would have valued each of 3Com’s three operating units.

58. Goldman had significant financial incentives to omit a sum-of-the-parts analysis that would yield higher values for the Company and possibly jeopardize approval of the Merger. Goldman’s fee agreement with 3Com provides for an aggregate fee of \$41 million, \$38 million of which is contingent upon completion of the Merger. The \$41 million fee is shockingly large. It represents over \$0.10 per share or more than 1.5% of the total deal value. The \$41 million fee is also 71% higher than the \$24 million fee Goldman lost when the 2008 Buyout was terminated. *The Wall Street Journal’s* “Deal Journal” reported on the “outsized” fee and noted that Goldman was effectively getting paid for the contingent fee it lost in the failed 2008 Buyout.

59. Incentivized with an outsized fee, Goldman deviated from accepted practices – including practices it followed in the 2008 Buyout – to drive down the valuation of the Company and make the \$7.90 per share appear more appealing.

60. The Proxy lists seven analyses Goldman selected in support of its fairness opinion: (a) a Historical Stock Trading Analysis; (b) an Implied Multiples Analysis; (c) a Selected Companies Analysis; (d) a Selected Transactions Analysis; (e) a DCF Analysis; (f) an Illustrative Present Value of Future Stock Price Analysis (the “Implied PV Analysis”); and (g) an Illustrative Present Value per share of VAT Rebate (the “VAT Analysis”).

61. The Historical Stock Trading Analysis, Implied Multiples Analysis, Selected Companies Analysis, and Selected Transactions Analysis, while based on market and other public information, fail to recognize that the market was undervaluing 3Com. This is reflected in, among other things, the fact that Wall Street estimates for 3Com were below the Management Plan and even the Revised Management Plan. With the DCF Analysis, Goldman made downward adjustments to the Management Plan and Revised Management Plan and made other adjustments that resulted in lower valuation ranges.

62. First, Goldman changed the management estimates to include stock based compensation as a cash expense, which reduces cash flow and reduces the indicated value. For the 2008 Buyout, there is no mention as to whether Goldman treated stock based compensation as a cash expense. However, in its 2009 valuation, Goldman explicitly included stock based compensation expense, without providing any explanation for the disparity between its procedure with respect to the two valuations. The inclusion of a stock based compensation expense materially lowered the valuation range of 3COM in Goldman’s 2009 valuation. Defendants have failed to disclose the cash flow projections Goldman used or the amount of stock based compensation expense assumed

by Goldman. As a point of reference, stock based compensation was reported as a \$30 million expense for GAAP purposes in fiscal 2009. To the extent that the magnitude of stock based compensation expense assumed by Goldman in the DCF analysis significantly deviates from the actual dilution caused by issuing the underlying securities, then the values indicated by Goldman's DCF analysis are misleadingly low.

63. Second, Goldman manipulated the discount rates and used inappropriately high discount ranges to reduce the value of 3COM in its 2009 valuation. The discount rate range should reflect reasonable estimates of a company's weighted average cost of capital or "WACC." A company's "COE" – which represents the cost of equity rates of return – is normally higher than its WACC because the interest rate on debt is generally far lower than required equity rates of return because of the claim priority debt receives in a company's capital structure as compared to equity holders. This relationship is reflected in Goldman's calculation of discount rates in the 2008 Buyout, where 3Com's COE was 12.5% to 14.5% and the WACC range Goldman used was 11.5% to 13.5% (*i.e.*, lower than the COE range).

64. However, Goldman deviated from accepted practices and from its prior work in the 2008 Buyout by applying a higher WACC to 3Com in its DCF analysis even though 3Com's COE had decreased to 10.0% to 12.0% and even though 3Com had substantially strengthened its balance sheet since the 2008 Buyout, with \$465 million of cash in excess of its debt in 2009. Nevertheless, Goldman applied a 11.5% to 15.5% discount rate in 2009, which, predictably, lowered the valuation range of the DCF Analysis.

65. Goldman's DCF Analysis, as described in the Proxy Statement, is woefully deficient and cannot be replicated based on the information provided. Although the Proxy includes certain estimates from the Management Plan and Revised Management Plan, there is no disclosure of cash flow estimates, EBIT or EBITDA estimates from which one could estimate cash flow, and no way to identify the stock based compensation expense Goldman used to lower the projected cash flow estimates.

66. Goldman's VAT Analysis is corrupted in many of the same ways as the DCF Analysis, because it uses the same discount rate. The VAT Analysis attempts to show a present value of a partial refund of value added taxes that are paid by H3C but are expected to be refunded by Chinese tax authorities. 3Com has commitments from Chinese tax authorities for refunds through the end of 2010, and 3Com and the Chinese tax authorities are negotiating the terms of refunds after that. The refunds are significant. Even applying Goldman's overly large discount rates, the present value of the refunds amount to as much as \$1.10 per share, roughly 14% of the \$7.90 per share Merger consideration. However, the estimates for the Management Plan and Revised Management Plan, as disclosed in the Proxy, do not include the expected rebates.

Defendants Have Withheld Material Information from Shareholders

67. Defendants have withheld material information needed by shareholders to cast an informed vote on the Merger.

68. The Proxy fails to provide a meaningful description of management's projections and the projections used by Goldman. The only projections disclosed at all are 4-year projections for revenue and non-GAAP gross profit margin/operating profit/earnings per share for the Management Plan and Revised Management Plan. There is no disclosure of any cash flow measures, EBIT or EBITDA estimates from which one

could estimate cash flow. Management projections of the Company's future financial performance are among the most important considerations used by shareholders in assessing a transaction and are woefully incomplete here. Moreover, the limited management projections are different from what Goldman used in its analyses. First, Goldman used cash flow measures and the Proxy does not provide any cash flow information. Second, the management projections disclosed in the Proxy exclude stock based compensation expense, whereas Goldman included stock based compensation expense. The Proxy states that "We are unable to provide a quantitative reconciliation [of stock based compensation expense] because the information is not available without unreasonable effort," but that is false because Goldman was itself able to include stock based compensation expense in the projections it used for the DCF Analysis. There is also no disclosure of whether the Management Plan and/or Revised Management Plan incorporates the value of the VAT refund expected.

69. The Proxy Statement fails to disclose material facts regarding the creation of the Revised Management Plan. The Management Plan was updated as of September 23, 2009 and presumably reflected management's best estimates as of that date. The Proxy fails to disclose why a revised plan with lower projections was needed, who asked for it or who authorized it. It is a material fact that the Revised Management Plan was not created until after HP had offered \$7.90 per share and was presented to Goldman before it was presented to the board for the first time at the November 10, 2009 meeting. Thus, the Revised Management Plan appears designed to lower the Company's projections and make the \$7.90 per share appear more appealing.

70. The Proxy fails to provide any information as to the value of the Company's three distinct operating divisions. 3Com has acknowledged that TippingPoint was not being adequately valued by the market as a component of the Company, yet the Proxy fails to provide any valuation information for TippingPoint. This omission is material because Goldman did not conduct a sum-of-the-parts analysis (at least there is no disclosure of it) that would be appropriate given 3Com's distinctly segmented operations. Notably, the proxy materials for the 2008 Buyout included disclosure of detailed projections for each of the Company's three operating units, and included revenue growth, gross profit and operating profit margin, none of which is disclosed in the Proxy.

71. The Proxy fails to disclose any details whatsoever regarding the Company's stand-alone plan and other strategic initiatives the board was considering, apart from the uninformative disclosure that the board was considering "other strategic initiatives" as of the August 10, 2009 meeting and considered the stand-alone plan at the October 19, 2009 and October 16, 2009 meetings.

72. The Proxy fails to disclose why Goldman deviated from accepted practices in its valuation methodology and deviated from the methodology used in the 2008 Buyout. First, there is no disclosure explaining why Goldman's DCF Analysis included stock based compensation as a cash expense, and whether this approach was consistent with the analysis Goldman prepared for the 2008 Buyout. Second, there is no disclosure why the Goldman selected a WACC range higher than the Company's COE, or why the discount rates increased at all during a period when the Company's financial position had significantly strengthened.

The Individual Defendants Have Breached Their Fiduciary Duty in a Sale of the Company

73. By entering into the Merger, the Individual Defendants have initiated a process to sell the Company, which imposes heightened fiduciary responsibilities and requires enhanced scrutiny by the Court. However, the terms of the Merger were not the result of an auction process or active market check; they were arrived at without a full and thorough investigation by the Individual Defendants of strategic alternatives; and they are intrinsically unfair and inadequate from the standpoint of 3Com shareholders.

74. The Individual Defendants failed to make an informed decision as to 3Com's highest transaction value, as no market check of the Company's transactional value was obtained, nor can one be, in view of the no-solicit and matching provisions contained in the merger agreement and the excessive termination fee and expense reimbursement.

75. The Individual Defendants have violated the fiduciary duties they owe to the public shareholders of 3Com. The Individual Defendants' agreement to the terms of the Merger, its timing, the failure to invite other bidders, and the Individual Defendants' failure to provide a market check demonstrate a clear absence of the exercise of due care and loyalty to 3Com public shareholders.

76. The Individual Defendants have breached their fiduciary duties by reason of the acts and transactions complained of herein, including their decision to allow the Company to be acquired by HP without making the requisite effort to obtain the best offer possible.

77. Plaintiffs and other members of the Class have been and will be damaged in that they have not and will not receive their fair proportion of the value of 3Com assets

and business and have been and will be prevented from obtaining a fair and adequate price for their shares of 3Com common stock.

COUNT I

For Breach of Fiduciary Duties Against the Individual Defendants

78. Plaintiffs incorporate each and every allegation set forth above as if fully set forth herein.

79. As alleged above, where the directors of a Delaware corporation undertake a transaction that will result in a change in corporate control, like the Merger here, Delaware law imposes the obligation on the directors to take all steps reasonably available to maximize the value shareholders will receive.

80. The Individual Defendants have breached their fiduciary duties owed to the public shareholders of 3Com because, among other reasons:

a. they failed to take the steps to maximize the value of 3Com, instead giving HP an unfair advantage, by, among other things, failing to solicit other potential acquirers or alternative transactions;

b. they failed to properly ascertain the transactional value of 3Com and its various assets and operations and the stand-alone value of the Company; and

c. they are responsible for the Proxy without providing the public shareholders with complete and accurate material information necessary to make a fully informed decision on the fate of their investment.

81. By the acts, transactions and courses of conduct alleged herein, the Individual Defendants, individually and as part of a common plan and scheme and in breach of their fiduciary duties of loyalty, good faith, due care and candor owed to plaintiffs and the other members of the Class, have failed to adequately inform

themselves about the true value of the Company and, by agreeing to the Merger Agreement, will unfairly deprive plaintiffs and other members of the Class of the true value of their investment in 3Com.

82. Plaintiffs and the members of the Class have no adequate remedy at law.

COUNT II

For Aiding and Abetting By Defendant HP

83. Plaintiffs incorporate each and every allegation set forth above as if fully set forth herein.

84. HP is sued herein as an aider and abettor of the breaches of fiduciary duties as alleged above.

85. As a direct participant in the Merger, HP knew of, and in fact actively encouraged and participated in the breach of fiduciary duties alleged herein. HP has knowingly aided and abetted the breaches of fiduciary duty committed by the Individual Defendants to the detriment of 3Com's public shareholders. Indeed, the Merger could not take place without the active participation of HP. Furthermore, HP and its shareholders are the intended beneficiaries of the wrongs complained of and would be unjustly enriched absent relief in this action.

86. As a result of the unlawful actions of HP in aiding and abetting the Individual Defendants' breaches of fiduciary duties, plaintiffs and the other members of the Class have been and will be damaged in that they have been and will be prevented from maximizing the value of their investment in 3Com.

87. Plaintiffs and the members of the Class have no adequate remedy at law.

WHEREFORE, plaintiffs demand judgment against defendants, jointly and severally, as follows:

A. Declaring that this action is properly maintainable as a class action and certifying plaintiffs as the representative of the Class;

B. Preliminarily and permanently enjoining defendants and their agents, employees and all persons acting under, in concert with, or for them, from proceeding with, consummating, or closing the Merger;

C. In the event that the Merger is consummated, rescinding it and setting it aside;

D. Awarding the Class compensatory damages against defendants, individually and severally, in an amount to be determined at trial, together with pre-judgment and post-judgment interest at the maximum rate allowable by law, arising from the Merger;

E. Awarding plaintiffs their costs and disbursements and reasonable allowances for fees of plaintiffs' counsel and experts; and

F. Granting plaintiffs and the Class such other and further relief as the Court may deem just and proper.

ROSENTHAL, MONHAIT & GODDESS, P.A.

By: /s/ Joseph A. Rosenthal
Joseph A. Rosenthal (# 234)
919 N. Market Street, Suite 1401
P.O. Box 1070
Wilmington, DE 19899-1070
(302) 656-4433

RIGRODSKY & LONG, P.A.

By: /s/ Seth D. Rigrodsky
Seth D. Rigrodsky (#3147)
Brian D. Long (#4347)
919 North Market Street, Suite 980
Wilmington, DE 19801
(302) 295-5310

Co-Liaison Counsel for Plaintiffs

OF COUNSEL:

GARDY & NOTIS, LLP
James S. Notis
Kira German
560 Sylvan Avenue
Englewood Cliffs, NJ 07632
(201) 567-7377

COHEN, PLACITELLA & ROTH,
PC
Stewart L. Cohen
Two Commerce Square, Suite 2900
2001 Market Street
Philadelphia, PA 19103
(215) 567-3500

Lead Counsel for Plaintiffs

COUGHLIN STOIA GELLER
RUDMAN & ROBBINS LLP
Mark S. Reich
58 South Service Road, Suite 200
Melville, NY 11747
(631) 367-7100

FARUQI & FARUQI, LLP
Nadeem Faruqi
Adam Gonnelli
369 Lexington Avenue, 10th Floor
New York, NY 10017
(212) 983-9330

HARWOOD FEFFER LLP

Robert I. Harwood

488 Madison Avenue, 8th Floor

New York, NY 10022

(212) 935-7400

HAROLD B. OBSTFELD, P.C.

Harold B. Obstfeld

100 Park Avenue - 20th Floor

New York, NY 10017

(212) 696-1212