3COM CORP
Form 8-K
March 23, 2006

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):

March 23, 2006

3COM CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**0-12867**	**94-2605794**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

350 Campus Drive

Marlborough, Massachusetts

01752
(Address of Principal Executive Offices)

(Zip Code)

Registrant s telephone number, including area code: **(508) 323-5000**

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

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

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act

(17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act

(17 CFR 240.13e-4(c))

ITEM 2.02 Results of Operations and Financial Condition

On March 23, 2006, 3Com Corporation (the Company) issued a press release regarding its financial results for its fiscal quarter ended March 3, 2006. The full text of the press release is attached hereto as Exhibit 99.1.

The information in Item 2.02 of this Form 8-K and the exhibit attached hereto shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the Exchange Act), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

The attached press release and the related conference call contain non-GAAP financial measures. In evaluating the Company s performance, management uses certain non-GAAP financial measures to supplement consolidated financial statements prepared under generally accepted accounting principles in the United States (GAAP). Management believes these non-GAAP measures help indicate the Company s baseline performance before gains, losses or charges that are considered by management to be outside on-going operating results. Accordingly, management uses these non-GAAP measures to gain a better understanding of the Company s comparative operating performance from period-to-period and as a basis for planning and forecasting future periods. Management believes these non-GAAP measures, when read in conjunction with the Company s GAAP financials, provide useful information to investors by offering:

- the ability to make more meaningful period-to-period comparisons of the Company s on-going operating results;
- the ability to better identify trends in the Company s underlying business and perform related trend analysis;
- a higher degree of transparency for certain expenses (particularly when a specific charge impacts multiple line items);
- a better understanding of how management plans and measures the Company s underlying business; and
- an easier way to compare the Company s most recent results of operations against investor and analyst financial models.

These non-GAAP measures have limitations, however, because they do not include all items of income and expense that impact the Company s operations. Management compensates for these limitations by also considering the Company s GAAP results.

The non-GAAP operating loss measure used by the Company is defined to exclude the following charges and benefits: restructuring, amortization, in-process research and development and special items that management believes are unusual and outside of the Company s on-going operations, such as, for the periods presented in the press release, executive transition and impairment. In future periods when FAS 123(R) is adopted by the Company, the Company would expect to also exclude the resulting stock-based compensation expense. Management believes the costs related to restructuring activities are not indicative of the Company s normal operating costs. The restructuring charge consists primarily of severance expense and facility closure costs. Management also believes that the expense associated with the amortization of acquisition-related intangible assets is appropriate to be excluded because a significant portion of the purchase price for acquisitions may be allocated to intangible assets that have short lives and exclusion of the amortization expense allows comparisons of operating results that are consistent over time for both the Company s newly acquired and long-held businesses. Also, amortization is a non-cash charge for the current period. In addition, the Company has non-recurring in-process research and development expenses which are non-cash and related to acquisitions as opposed to the Company s core operations. Executive transition costs and impairment charges are excluded because these activities generally do not occur to a material extent each quarter and therefore may not allow a meaningful comparison period-to-period of on-going operations. Executive transition expenses relate to the severance costs for the Company s outgoing CEO and the hiring of its new CEO. Similar costs have not occurred for CEO transition for over five years. The impairment charge, which relates to the write-off of a software license for which no alternative use is available, is a non-recurring expense and is non-cash for the current period.

The Company is required by GAAP to disclose, in its Form 10-Q for the quarter ended March 3, 2006, pro forma consolidated revenue, net loss and net loss per share measures (as if its China joint venture, known as H-3C, had been consolidated from the beginning of the relevant period). The Company will also provide several additional pro forma consolidated measures--such as gross profit, total operating expenses, operating loss, and several selected consolidated balance sheet items. These additional measures are considered non-GAAP financial measures when presented on a pro forma basis. The Company believes these non-GAAP financial measures are meaningful to investors because, as disclosed in the press release, the Company has determined it is appropriate to consolidate H-3C s results. Accordingly, the Company s future results will consolidate H-3C as described more fully in the press release. These measures therefore provide additional relevant information to investors about the Company s consolidated operations. The non-GAAP measures, however, should not be considered indicative of the Company s future consolidated performance.

The non-GAAP financial measures the Company uses are not prepared in accordance with, and should not be considered an alternative to, measurements required by GAAP, such as operating loss, net loss and loss per share, and should not be considered measures of the Company s liquidity. The presentation of this additional information is not meant to be considered in isolation or as a substitute for the most directly comparable GAAP measures. In addition, these non-GAAP financial measures may not be comparable to similar measures reported by other companies.

ITEM 9.01 Financial Statements and Exhibits

(c) Exhibits

Exhibit Number	Description
99.1	Text of Press Release, dated March 23, 2006, titled 3Com Reports Third Quarter Fiscal Year 2006 Results.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

3COM CORPORATION

Date: March 23, 2006

By: /s/ DONALD M. HALSTED, III
Donald M. Halsted, III

Executive Vice President and Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	**Description**
99.1	Text of Press Release, dated March 23, 2006, titled 3Com Reports Third Quarter Fiscal Year 2006 Results.

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—

240,475,392

Investments, at fair value

$
3,879,380,997

$
3,979,504,587

The following summarizes the net realized and unrealized (depreciation) appreciation of investments and interest and dividend income for the Master Trust for the years ended December 31:

	2015	2014
Investment (loss) income:		
Net (depreciation) appreciation in fair value of investments		
Mutual funds	$(35,214,995)	$23,452,429
Self-directed brokerage accounts	(8,000,533)	12,423,331
Common collective trusts	38,013,463	59,643,421
Separate accounts	1,826,009	(237,508)
Ingersoll-Rand Stock Fund	(97,693,639)	22,790,032
Cameron Stock Fund	797,208	—

Allegion Stock Fund	37,810,715	51,866,846
	(62,461,772)	169,938,551
Interest and dividend income	30,577,444	88,247,139
Total investment (loss) income	$(31,884,328)	$258,185,690

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Ingersoll-Rand Company
Employee Savings Plan for Bargained Employees
Notes to Financial Statements
December 31, 2015 and 2014

The following summarizes the classification of the underlying investments in the Master Trust by classification and method of valuation as of December 31, 2015:

	Level 1	Level 2	Level 3	Total
Master Trust				
Mutual funds:				
Domestic equity funds	$3,471,222	$—	$ —	$3,471,222
International equity fund	36,927,066	—	—	36,927,066
Fixed income funds	136,737	—	—	136,737
Index funds	282,109,843	—	—	282,109,843
Self-directed brokerage accounts	279,854,045	—	—	279,854,045
Common collective trusts:				
Index funds (1)	—	982,677,618	—	982,677,618
Target date retirement funds (2)	—	1,260,336,282	—	1,260,336,282
Separate accounts:				
Fixed income bond funds (3)	—	176,903,498	—	176,903,498
Stable value funds (4)	—	152,471,304	—	152,471,304
Ingersoll-Rand Stock Fund (5)	—	702,688,416	—	702,688,416
Cameron Stock Fund (5)	1,804,966	—	—	1,804,966
Investments, at fair value	$604,303,879	$3,275,077,118	$ —	$3,879,380,997

(1) Represents investment in common collective trusts that hold equity or fixed income securities. These funds have no unfunded commitments, redemption frequency restrictions, or other redemption restrictions.

(2) Represents investment in an asset mix that seeks to generate a level of risk and return appropriate for the fund's particular time frame. The asset mix is determined by factors such as the investor's age, projected level of risk aversion and the length of time until the principal will be withdrawn. There are no unfunded commitments, redemption frequency restrictions, or other redemption restrictions.

(3) Represents investment in a privately managed investment account created for the Master Trust that seeks to maximize price appreciation and current income with volatility similar to its index, the Barclay U.S. Aggregate Bond Index. There are no unfunded commitments, redemption frequency restrictions, or other redemption restrictions.

(4) Represents investment in a privately managed investment account created for the Master Trust that is primarily comprised of investment contracts issued by financial institutions and other eligible stable value investments. There are no unfunded commitments or redemption frequency restrictions. Transfers to other investment funds could be limited under certain conditions.

(5) Represents investment in IR-plc ordinary shares, along with a minor amount of short-term investments to provide liquidity, or shares of Cameron International Corporation. There are no unfunded commitments, redemption frequency restrictions, or other redemption restrictions.

Ingersoll-Rand Company
Employee Savings Plan for Bargained Employees
Notes to Financial Statements
December 31, 2015 and 2014

The following summarizes the classification of the underlying investments in the Master Trust by classification and method of valuation as of December 31, 2014:

	Level 1	Level 2	Level 3	Total
Master Trust				
Mutual funds:				
Domestic equity funds	$830,201,607	$—	$ —	$830,201,607
International equity fund	131,238,763	—	—	131,238,763
Fixed income funds	163,158	—	—	163,158
Index funds	258,941,876	—	—	258,941,876
Self-directed brokerage accounts	282,203,231	—	—	282,203,231
Common collective trusts:				
Index funds (1)	—	48,993,924	—	48,993,924
Target date retirement funds (2)	—	981,470,578	—	981,470,578
Separate accounts:				
Fixed income bond funds (3)	—	200,582,968	—	200,582,968
Stable value funds (4)	—	143,318,322	—	143,318,322
Ingersoll-Rand Stock Fund (5)	—	861,914,768	—	861,914,768
Allegion Stock Fund (5)	—	240,475,392	—	240,475,392
Investments, at fair value	$1,502,748,635	$2,476,755,952	$ —	$3,979,504,587

(1) Represents investment in common collective trusts that hold equity or fixed income securities. These funds have no unfunded commitments, redemption frequency restrictions, or other redemption restrictions.
(2) Represents investment in an asset mix that seeks to generate a level of risk and return appropriate for the fund’s particular time frame. The asset mix is determined by factors such as the investor’s age, projected level of risk aversion and the length of time until the principal will be withdrawn. There are no unfunded commitments, redemption frequency restrictions, or other redemption restrictions.
(3) Represents investment in a privately managed investment account created for the Master Trust that seeks to maximize price appreciation and current income with volatility similar to its index, the Barclay U.S. Aggregate Bond Index. There are no unfunded commitments, redemption frequency restrictions, or other redemption restrictions.
(4) Represents investment in a privately managed investment account created for the Master Trust that is primarily comprised of investment contracts issued by financial institutions and other eligible stable value investments. There are no unfunded commitments or redemption frequency restrictions. Transfers to other investment funds could be limited under certain conditions.
(5) Represents investment in IR-plc or Allegion ordinary shares, along with a minor amount of short-term investments, to provide liquidity. There are no unfunded commitments, redemption frequency restrictions, or other redemption restrictions.

5 Tax Status

The U.S. Internal Revenue Service ("IRS") has determined and informed the Company by a letter dated August 23, 2013, that the Plan and related trust are designed in accordance with applicable sections of the IRC to be exempt from U.S. federal income tax. The Plan has been amended and restated since receiving the determination letter and the Company submitted a request for a favorable letter of determination for the amended and restated Plan in January 2016. Plan management and the Plan's counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC and therefore no provision for U.S. federal income tax is required.

GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The plan administrator has analyzed the tax positions taken by the Plan and has concluded that as of December 31, 2015 and 2014, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2012.

Ingersoll-Rand Company
Employee Savings Plan for Bargained Employees
Notes to Financial Statements
December 31, 2015 and 2014

6 Party-In-Interest Transactions

Certain plan investments held in the Master Trust are shares of mutual funds and common collective trusts managed by Fidelity Management Trust Company, the Plan's trustee and recordkeeper. These transactions qualify as permitted party-in-interest transactions.

Certain Master Trust investments are units of the Ingersoll-Rand Stock Fund which primarily invests in ordinary shares of IR-plc. These transactions qualify as permitted party-in-interest transactions.

7 Plan Termination

Although the Company has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA and applicable collective bargaining agreements. In the event of Plan termination, participants would become fully vested in their accounts and shall be entitled to a distribution of their respective account balances.

8 Risks and Uncertainties

Through the Master Trust, the Plan provides for investment options in any combination of equity and fixed income investments in the U.S. and abroad through various investment options. Investment asset classes are exposed to various risks, such as market, interest rate, inflation, foreign currency, economic, political and credit risks. Due to the level of risk associated with the Plan's investments, it is reasonably possible that changes in risks in the near term would materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits and the Statements of Changes in Net Assets Available for Benefits.

Schedule I

Ingersoll-Rand Company
Employee Savings Plan for Bargained Employees
Schedule H, line 4i – Schedule of Assets (Held at End of Year)
December 31, 2015

Plan Sponsor: Ingersoll-Rand Company
Employer Identification: 13-5156640
Plan Number: 076

	Identity of issue, borrower lessor, or similar party	Description of investment, including maturity date, rate of interest, collateral par, or maturity value	Cost	Current Value
(a)	(b)	(c)	(d)	(e)
*	Plan's interest in Master Trust, excluding participant loans	Master Trust 0.32% participation	**	$12,596,902
***	Notes receivable from participants	Due 01/01/2016 - 09/28/2020 4.25% - 9.25%	—	95,525
	TOTAL ASSETS (Held at End of Year)			$12,692,427

*Includes assets which represent permitted party-in-interest transactions to the Plan.
**Cost information is not required for participant directed investments; therefore, this information is omitted.
***The accompanying financial statements classify participant loans as notes receivable from participants.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

INGERSOLL-RAND COMPANY EMPLOYEE SAVINGS PLAN FOR BARGAINED EMPLOYEES

Dated: June 28, 2016 By: /s/ Paul Longstreet

Name: Paul Longstreet
Title: Benefits Administration Committee

EXHIBIT INDEX

Exhibit No.	Description
23.1	Consent of Cherry Bekaert LLP
23.2	Consent of Dixon Hughes Goodman LLP

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