

**EXHIBIT 3**  
Control Activities for Sell-through Revenues

Assertion	Transaction-related Objective	Control Activity
Existence	Do recorded transactions actually exist?	<ul style="list-style-type: none"> <li>• Periodic distributor sales and inventory statements are obtained and automatically reconciled against roll-forward inventory and sales by company.</li> <li>• Discrepancies are highlighted and resolved, with an audit trail.</li> <li>• Inter-distributor transfers are accounted for and reconciled, with an audit trail.</li> <li>• Trend in (distributor) sales-to-inventory ratios verified by internal auditor.</li> </ul>
	Are the transactions valid and properly authorized?	<ul style="list-style-type: none"> <li>• Sales to final customers are supported by distributor-provided invoice and shipping information.</li> <li>• Point-of-sale (POS) information has been captured directly from the distributor.</li> <li>• Error logs and audit trails are properly maintained.</li> </ul>
Completeness	Have all existing transactions been recorded?	<ul style="list-style-type: none"> <li>• Monthly reconciliations of distributor sales and inventory are conducted and verified by departments other than sales.</li> <li>• Trend in sales to distributor inventory ratios verified by internal auditor.</li> </ul>
Valuation or allocation	Are all recorded transactions stated at their correct amounts?	<ul style="list-style-type: none"> <li>• Deferred revenue and deferred cost of goods sold (COGS) are accurately captured and reconciled to distributor inventory levels times standard gross margin.</li> <li>• Distributor inventory valuation records are maintained accurately within the centralized system.</li> <li>• Computation of gross margin is validated on a frequent basis.</li> <li>• Distributor and in-house inventory is valued properly at the lower of cost or market value, with cost determined by an acceptable method (e.g., FIFO, LIFO).</li> </ul>
	Have transactions been recorded at the correct dates, especially around period-end?	<ul style="list-style-type: none"> <li>• Automated update of POS data (sales and inventory) on a regular basis.</li> <li>• Use of automated period cutoffs.</li> <li>• Reconciliation of in-transit items that occurred within accounting period.</li> </ul>
	Have recorded transactions been included in master files and properly summarized?	<ul style="list-style-type: none"> <li>• All master files' contents have adequate computer-based controls and are internally verified.</li> <li>• Balances are regularly compared with general ledger balances.</li> </ul>
Rights and obligations	Are all distributor-related accounts receivables proper claims?	<ul style="list-style-type: none"> <li>• Sales and returns to/from resellers are supported by appropriate orders, shipping documents, invoices, receiving reports, and credit memos.</li> <li>• Sales to final customers are supported by distributor-provided invoice and shipping information.</li> </ul>
	Are inventory balances at distributors accurate, ensuring appropriate deferred revenue and COGS?	<ul style="list-style-type: none"> <li>• Roll-forward inventory balances are reconciled to distributor-reported balances on a monthly basis.</li> <li>• Inventory with distributors is physically verified on a periodic basis, and reconciled to reseller inventory records.</li> </ul>
Presentation and disclosure	Have all account balances, especially deferred revenue and deferred COGS, been properly disclosed?	<ul style="list-style-type: none"> <li>• Adequate chart of accounts.</li> <li>• Automated generation of journal entries.</li> <li>• Database of all transactions, internal and external, is maintained online and is available on demand.</li> </ul>