



**CONSOLIDATED STATEMENT OF OPERATIONS - GAAP**

(in thousands, except per share amounts)

**DOLBY LABORATORIES INVESTOR RELATIONS DATA SHEET**

DESCRIPTION	FY 2009 (Unaudited)				FY 2010 (Unaudited)
	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010
<b>Revenue:</b>					
Licensing	\$ 154,056	\$ 159,879	\$ 142,141	\$ 138,621	\$ 594,697
Product sales	17,946	36,008	21,790	20,223	95,967
Services	8,256	8,237	7,313	5,033	28,839
Total revenue	180,258	204,124	171,244	163,877	719,503
<b>Cost of revenue:</b>					
Cost of licensing	3,248	4,613	3,362	3,580	14,803
Cost of product sales	9,359	24,275	13,142	10,444	57,220
Cost of services	3,206	3,094	3,246	3,240	12,786
Gain from amended patent licensing agreement	(20,041)	-	-	-	(20,041)
Total cost of revenue	(4,228)	31,982	19,750	17,264	64,768
<b>Gross margin</b>	<b>184,486</b>	<b>172,142</b>	<b>151,494</b>	<b>146,613</b>	<b>654,735</b>
<b>Operating expenses:</b>					
Research and development	18,658	20,302	20,871	21,712	81,543
Sales and marketing <sup>(1)</sup>	24,487	20,073	24,403	29,875	98,838
General and administrative	26,000	24,389	26,523	28,929	105,841
Restructuring charges, net	868	1,866	1,278	835	4,847
Total operating expenses	70,013	66,630	73,075	81,351	291,069
<b>Operating income</b>	<b>114,473</b>	<b>105,512</b>	<b>78,419</b>	<b>65,262</b>	<b>363,666</b>
Interest income	4,132	2,620	2,431	2,082	11,265
Interest expense	(263)	(149)	(187)	(336)	(935)
Other income (expense), net	(1,382)	236	(1,644)	213	(2,577)
Total other non-operating income	2,487	2,707	600	1,959	7,753
<b>Income before taxes</b>	<b>116,960</b>	<b>108,219</b>	<b>79,019</b>	<b>67,221</b>	<b>371,419</b>
Provision for income taxes	38,623	38,430	27,502	22,518	127,073
<b>Net income before controlling interest</b>	<b>78,337</b>	<b>69,789</b>	<b>51,517</b>	<b>44,703</b>	<b>244,346</b>
Less: Net income attributable to controlling interest	(242)	(338)	(371)	(404)	(1,355)
<b>Net income attributable to Dolby</b>	<b>\$ 78,095</b>	<b>\$ 69,451</b>	<b>\$ 51,146</b>	<b>\$ 44,299</b>	<b>\$ 242,991</b>
<b>Diluted earnings per share attributable to Dolby</b>	<b>\$ 0.68</b>	<b>\$ 0.60</b>	<b>\$ 0.44</b>	<b>\$ 0.38</b>	<b>\$ 2.11</b>
Weighted-average shares outstanding (diluted)	114,870	115,059	115,528	115,845	115,367
Gain on settlements <sup>(1)</sup>	-	(4,900)	(1,000)	(77)	(5,977)
Depreciation and amortization <sup>(2)</sup>	6,519	8,125	6,915	7,173	28,732
Stock-based compensation	4,580	4,840	6,555	6,447	22,422

(1) Gain on settlements is included in this schedule as a reduction to sales and marketing expenses, whereas in our prior period forms 10-K and 10-Q gain on settlements was included in our statement of operations as a separate line item reducing operating expenses.

(2) Depreciation and amortization include depreciation of property, plant, and equipment and amortization of intangible assets.

These schedules have been derived from, and should be read in conjunction with, our financial statements in our reports on Forms 10-Q and 10-K which are filed with the SEC. Certain prior period operating expense amounts have been reclassified from our forms 10-K and 10-Q to conform with our presentation method for fiscal 2010. Our Forms 10-Q may be viewed on our website at <http://investor.dolby.com/sec.cfm?DocType=Quarterly&Year=> and our Forms 10-K may be viewed on our website at <http://investor.dolby.com/sec.cfm?DocType=Annual&Year=>.

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(in thousands, except per share amounts)

**DOLBY LABORATORIES INVESTOR RELATIONS DATA SHEET**

DESCRIPTION	FY 2009 (Unaudited)				FY 2010 (Unaudited)	
	Q1 2009	Q2 2009	Q3 2009	Q4 2009	FY 2009	Q1 2010
Revenue growth % (year-over-year)	20%	18%	11%	0%	12%	23%
Revenue growth % (quarterly sequential)	10%	13%	(16%)	(4%)	n/a	35%
Licensing gross margin %	111%	97%	98%	97%	98%	98%
Product sales gross margin %	48%	33%	40%	48%	40%	41%
Services gross margin %	61%	62%	56%	36%	56%	53%
Total Gross margin %	102%	84%	88%	89%	91%	84%
Operating expense growth % (year-over-year)	8%	(6%)	4%	2%	2%	16%
Operating margin %	64%	52%	46%	40%	51%	47%
Pretax margin %	65%	53%	46%	41%	52%	48%
Effective tax rate %	33%	36%	35%	33%	34%	35%
<b>PERCENT OF REVENUE</b>						
<b>Revenue:</b>						
Licensing	85%	78%	83%	85%	83%	75%
Product sales	10%	18%	13%	12%	13%	22%
Services	5%	4%	4%	3%	4%	3%
Total revenue	100%	100%	100%	100%	100%	100%

Note: Minor rounding differences may exist in the Percent of Revenue figures.

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CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS - RECONCILIATION OF GAAP TO NON-GAAP

(in thousands, except per share amounts)

DOLBY LABORATORIES INVESTOR RELATIONS DATA SHEET - NON-GAAP FINANCIAL MEASURES

DESCRIPTION	FY 2009 (Unaudited)					FY 2010 (Unaudited)
	Q1 2009	Q2 2009	Q3 2009	Q4 2009	FY 2009	Q1 2010
Revenue	\$ 180,258	\$ 204,124	\$ 171,244	\$ 163,877	\$ 719,503	\$ 221,216
Cost of revenue	4,228	(31,982)	(19,750)	(17,264)	(64,768)	(35,793)
Gross margin	184,486	172,142	151,494	146,613	654,735	185,423
Research and development	(18,658)	(20,302)	(20,871)	(21,712)	(81,543)	(22,800)
Sales and marketing <sup>(1)</sup>	(24,487)	(20,073)	(24,403)	(29,875)	(98,838)	(30,384)
General and administrative	(26,000)	(24,389)	(26,523)	(28,929)	(105,841)	(27,882)
Restructuring charges, net	(868)	(1,866)	(1,278)	(835)	(4,847)	(185)
<b>Total operating expenses</b>	<b>(70,013)</b>	<b>(66,630)</b>	<b>(73,075)</b>	<b>(81,351)</b>	<b>(291,069)</b>	<b>(81,251)</b>
Operating income	114,473	105,512	78,419	65,262	363,666	104,172
Other non-operating income	2,487	2,707	600	1,959	7,753	2,207
Income before taxes	116,960	108,219	79,019	67,221	371,419	106,379
Provision for income taxes	(38,623)	(38,430)	(27,502)	(22,518)	(127,073)	(36,886)
Net income before controlling interest	78,337	69,789	51,517	44,703	244,346	69,493
Net income attributable to controlling interest	(242)	(338)	(371)	(404)	(1,355)	(407)
<b>Net income attributable to Dolby</b>	<b>\$ 78,095</b>	<b>\$ 69,451</b>	<b>\$ 51,146</b>	<b>\$ 44,299</b>	<b>\$ 242,991</b>	<b>\$ 69,086</b>
<b>Diluted earnings per share attributable to Dolby</b>	<b>\$ 0.68</b>	<b>\$ 0.60</b>	<b>\$ 0.44</b>	<b>\$ 0.38</b>	<b>\$ 2.11</b>	<b>\$ 0.59</b>
Diluted weighted-average shares outstanding	114,870	115,059	115,528	115,845	115,367	116,138
Gain on settlements <sup>(1)</sup>	-	(4,900)	(1,000)	(77)	(5,977)	(317)

DESCRIPTION	Q1 2009	Q2 2009	Q3 2009	Q4 2009	FY 2009	Q1 2010
Cost of revenue						
Stock-based compensation	183	250	122	123	678	103
Amortization of intangibles acquired in business combinations	951	2,360	1,496	1,512	6,319	1,538
Gain from amended patent licensing agreement	(20,041)	-	-	-	(20,041)	-
<b>Total adjustments to cost of revenue</b>	<b>(18,907)</b>	<b>2,610</b>	<b>1,618</b>	<b>1,635</b>	<b>(13,044)</b>	<b>1,641</b>
Research and development						
Stock-based compensation	1,173	1,168	1,448	1,403	5,192	1,196
<b>Total adjustments to research and development</b>	<b>1,173</b>	<b>1,168</b>	<b>1,448</b>	<b>1,403</b>	<b>5,192</b>	<b>1,196</b>
Sales and marketing						
Stock-based compensation	1,252	1,489	2,005	1,924	6,670	1,732
Amortization of intangibles acquired in business combinations	1,284	1,282	967	1,041	4,574	1,111
<b>Total adjustments to sales and marketing</b>	<b>2,536</b>	<b>2,771</b>	<b>2,972</b>	<b>2,965</b>	<b>11,244</b>	<b>2,843</b>
General and administrative						
Stock-based compensation	1,972	1,933	2,980	2,997	9,882	2,678
<b>Total adjustments to general and administrative</b>	<b>1,972</b>	<b>1,933</b>	<b>2,980</b>	<b>2,997</b>	<b>9,882</b>	<b>2,678</b>
Restructuring charges, net						
Restructuring charges, net	868	1,866	1,278	835	4,847	185
<b>Total adjustments to restructuring charges, net</b>	<b>868</b>	<b>1,866</b>	<b>1,278</b>	<b>835</b>	<b>4,847</b>	<b>185</b>
Provision for income taxes						
<b>Tax effect of Non-GAAP adjustments</b>	<b>4,565</b>	<b>(3,745)</b>	<b>(3,892)</b>	<b>(3,514)</b>	<b>(6,586)</b>	<b>(3,291)</b>

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CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS - RECONCILIATION OF GAAP TO NON-GAAP

(in thousands, except per share amounts)

DOLBY LABORATORIES INVESTOR RELATIONS DATA SHEET - NON-GAAP FINANCIAL MEASURES

DESCRIPTION	FY 2009 (Unaudited)					FY 2010 (Unaudited)
	Q1 2009	Q2 2009	Q3 2009	Q4 2009	FY 2009	Q1 2010
<b>Non-GAAP</b>						
Revenue	\$ 180,258	\$ 204,124	\$ 171,244	\$ 163,877	\$ 719,503	\$ 221,216
Cost of revenue	(14,679)	(29,372)	(18,132)	(15,629)	(77,812)	(34,152)
Gross margin	165,579	174,752	153,112	148,248	641,691	187,064
Research and development	(17,485)	(19,134)	(19,423)	(20,309)	(76,351)	(21,604)
Sales and marketing <sup>(1)</sup>	(21,951)	(17,302)	(21,431)	(26,910)	(87,594)	(27,541)
General and administrative	(24,028)	(22,456)	(23,543)	(25,932)	(95,959)	(25,204)
Restructuring charges, net	-	-	-	-	-	-
<b>Total operating expenses</b>	<b>(63,464)</b>	<b>(58,892)</b>	<b>(64,397)</b>	<b>(73,151)</b>	<b>(259,904)</b>	<b>(74,349)</b>
Operating income	102,115	115,860	88,715	75,097	381,787	112,715
Other non-operating income	2,487	2,707	600	1,959	7,753	2,207
Income before taxes	104,602	118,567	89,315	77,056	389,540	114,922
Provision for income taxes	(34,058)	(42,175)	(31,394)	(26,032)	(133,659)	(40,177)
Net income before controlling interest	70,544	76,392	57,921	51,024	255,881	74,745
Net income attributable to controlling interest	(242)	(338)	(371)	(404)	(1,355)	(407)
<b>Net income attributable to Dolby</b>	<b>70,302</b>	<b>76,054</b>	<b>57,550</b>	<b>50,620</b>	<b>254,526</b>	<b>74,338</b>
<b>Non-GAAP diluted earnings per share attributable to Dolby</b>	<b>\$ 0.61</b>	<b>\$ 0.66</b>	<b>\$ 0.50</b>	<b>\$ 0.44</b>	<b>\$ 2.21</b>	<b>\$ 0.64</b>
Diluted weighted-average shares outstanding	114,870	115,059	115,528	115,845	115,367	116,138
Gain on settlements <sup>(1)</sup>	-	(4,900)	(1,000)	(77)	(5,977)	(317)
<b>Reconciliation of GAAP to Non-GAAP earnings per share</b>	<b>Q1 2009</b>	<b>Q2 2009</b>	<b>Q3 2009</b>	<b>Q4 2009</b>	<b>FY 2009</b>	<b>Q1 2010</b>
<b>GAAP diluted earnings per share</b>	<b>\$ 0.68</b>	<b>\$ 0.60</b>	<b>\$ 0.44</b>	<b>\$ 0.38</b>	<b>\$ 2.11</b>	<b>\$ 0.59</b>
Stock-based compensation	0.04	0.04	0.06	0.06	0.19	0.05
Amortization of intangibles acquired in business combinations	0.02	0.03	0.02	0.02	0.09	0.02
Restructuring charges, net	0.01	0.02	0.01	0.01	0.05	-
Gain from amended patent licensing agreement	(0.17)	-	-	-	(0.17)	-
Tax effect of Non-GAAP adjustments	0.03	(0.03)	(0.03)	(0.03)	(0.06)	(0.02)
<b>Non-GAAP diluted earnings per share</b>	<b>\$ 0.61</b>	<b>\$ 0.66</b>	<b>\$ 0.50</b>	<b>\$ 0.44</b>	<b>\$ 2.21</b>	<b>\$ 0.64</b>
<b>Comparative and Trended Key Metrics</b>	<b>Q1 2009</b>	<b>Q2 2009</b>	<b>Q3 2009</b>	<b>Q4 2009</b>	<b>FY 2009</b>	<b>Q1 2010</b>
GAAP operating margin %	64%	52%	46%	40%	51%	47%
Non-GAAP operating margin %	57%	57%	52%	46%	53%	51%
Total employees	1,158	1,161	1,148	1,135	1,135	1,152
Cash, cash equivalents, and investments (in thousands)	781,928	810,606	864,400	941,424	941,424	1,025,027
DSO	13	15	25	20	18	14

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RECONCILIATION OF GAAP TO NON-GAAP INFORMATION

DOLBY LABORATORIES INVESTOR RELATIONS DATA SHEET - NON-GAAP FINANCIAL MEASURES

DESCRIPTION	(Unaudited)		(Unaudited)	
	Q1 2009	Q1 2010	Q1 2009	Q1 2010
Gross margin:	<b>Overall</b>		<b>Licensing</b>	
GAAP gross margin	102.3%	83.8%	110.9%	97.6%
Stock-based compensation	0.2%	0.0%	-	-
Amortization of acquired intangibles	0.5%	0.8%	0.5%	0.8%
Gain from amended patent licensing agreement	(11.1%)	-	(13.0%)	-
Non-GAAP gross margin	<u>91.9%</u>	<u>84.6%</u>	<u>98.4%</u>	<u>98.4%</u>
	<b>Product Sales</b>		<b>Services</b>	
GAAP gross margin	47.8%	41.1%	61.2%	52.7%
Stock-based compensation	0.9%	0.1%	0.3%	0.3%
Amortization of acquired intangibles	0.7%	0.2%	-	-
Gain from amended patent licensing agreement	-	-	-	-
Non-GAAP gross margin	<u>49.4%</u>	<u>41.4%</u>	<u>61.5%</u>	<u>53.0%</u>
	<b>Q1 2009</b>		<b>Q1 2010</b>	
Effective tax rate:				
GAAP effective tax rate	33.0%	34.7%		
Stock-based compensation	0.1%	0.3%		
Amortization of acquired intangibles	0.1%	0.0%		
Restructuring charges, net	0.0%	0.0%		
Gain from amended patent licensing agreement	(0.6%)	-		
Non-GAAP effective tax rate	<u>32.6%</u>	<u>35.0%</u>		

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To supplement Dolby's financial statements presented on a GAAP basis, Dolby provides non-GAAP financial measures of cost of revenue, operating expenses, provision for income taxes and diluted earnings per share. Dolby presents such non-GAAP financial measures in reporting its financial results to provide investors with an additional tool to evaluate Dolby's operating results in a manner that focuses on what Dolby's management believes to be its ongoing business operations. Dolby's management believes it is useful for itself and investors to review, as applicable, both GAAP information that includes the impact of stock-based compensation expense, amortization of intangible assets acquired through business combinations, gains from amended patent licensing agreements, restructuring charges, and the related tax impact of all of these items on the provision for income taxes, and the non-GAAP measures that exclude such information in order to assess the performance of Dolby's business for planning and forecasting in subsequent periods. Dolby's management does not itself, nor does it suggest that investors should, consider such non-GAAP financial measures in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. Whenever Dolby uses such a non-GAAP financial measure, it provides a reconciliation of the non-GAAP financial measure to the most closely applicable GAAP financial measure. Investors are encouraged to review the related GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measure. Investors are also encouraged to review Dolby's GAAP financial statements as reported in its SEC filings.