

# DOLBY LABORATORIES

## Investor Relations Data Sheet

### Unaudited

All dollar amounts are in thousands

	Q1 2014	Q2 2014	Q3 2014	Q4 2014	FY 2014	Q1 2015	Q2 2015	FY 2015
<b>Revenue Data</b>								
Licensing	\$ 205,660	\$ 258,616	\$ 205,625	\$ 208,943	\$ 878,844	\$ 216,598	\$ 243,333	\$ 459,931
Products	\$ 18,104	\$ 14,563	\$ 12,971	\$ 13,581	\$ 59,219	\$ 13,263	\$ 22,985	\$ 36,248
Services	\$ 7,513	\$ 5,413	\$ 4,754	\$ 4,433	\$ 22,113	\$ 4,377	\$ 5,632	\$ 10,009
<b>Total Revenue</b>	<b>\$ 231,277</b>	<b>\$ 278,592</b>	<b>\$ 223,350</b>	<b>\$ 226,957</b>	<b>\$ 960,176</b>	<b>\$ 234,238</b>	<b>\$ 271,950</b>	<b>\$ 506,188</b>
Total Revenue growth % (year-over-year)	(2)%	12 %	8 %	5 %	6 %	1 %	(2)%	(1)%
Total Revenue growth % (quarterly sequential)	7 %	20 %	(20)%	2 %	n/a	3 %	16 %	n/a
Broadcast Licensing	36 %	46 %	43 %	47 %	43 %	41 %	42 %	41 %
PC Licensing	21 %	16 %	19 %	19 %	19 %	16 %	17 %	17 %
Consumer Electronics Licensing	19 %	14 %	14 %	13 %	15 %	15 %	15 %	15 %
Mobile Licensing	15 %	12 %	13 %	11 %	13 %	16 %	11 %	13 %
Other Licensing	9 %	12 %	11 %	10 %	10 %	12 %	15 %	14 %
<b>Total Licensing</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>
Licensing Revenue growth % (year-over-year)	0 %	14 %	11 %	9 %	9 %	5 %	(6)%	(1)%
Licensing Revenue growth % (quarterly sequential)	8 %	26 %	(20)%	2 %	n/a	4 %	12 %	n/a
Non-Optical as % of Licensing Revenue	68 %	74 %	75 %	75 %	73 %	77 %	76 %	76 %
<b>Selected Operating Expenses as % of Revenue</b>								
GAAP Research and Development	19 %	16 %	21 %	21 %	19 %	21 %	21 %	21 %
Non-GAAP Research and Development	17 %	14 %	19 %	19 %	17 %	18 %	19 %	19 %
GAAP Sales and Marketing	26 %	23 %	28 %	28 %	26 %	29 %	24 %	26 %
Non-GAAP Sales and Marketing	23 %	21 %	25 %	25 %	23 %	26 %	21 %	23 %
GAAP General and Administrative	18 %	17 %	20 %	20 %	19 %	19 %	17 %	18 %
Non-GAAP General and Administrative	16 %	14 %	17 %	17 %	16 %	16 %	15 %	15 %
<b>Margins</b>								
GAAP gross margin: Licensing	98.1 %	98.6 %	97.9 %	100.6 %	98.8 %	98.4 %	98.4 %	98.4 %
Non-GAAP gross margin: Licensing	98.7 %	99.0 %	98.5 %	101.2 %	99.3 %	99.0 %	99.0 %	99.0 %
GAAP gross margin: Products	23.8 %	29.3 %	16.3 %	25.0 %	23.8 %	5.1 %	20.7 %	15.0 %
Non-GAAP gross margin: Products	28.9 %	35.8 %	23.4 %	31.9 %	30.1 %	17.2 %	29.6 %	25.0 %
GAAP gross margin: Services	52.2 %	35.9 %	23.9 %	20.0 %	35.6 %	23.6 %	44.5 %	35.4 %
Non-GAAP gross margin: Services	53.4 %	38.1 %	26.0 %	22.5 %	37.6 %	26.5 %	46.7 %	37.8 %
GAAP gross margin: Overall	90.8 %	93.7 %	91.6 %	94.5 %	92.7 %	91.7 %	90.8 %	91.2 %
Non-GAAP gross margin: Overall	91.7 %	94.5 %	92.6 %	95.5 %	93.6 %	93.0 %	92.0 %	92.5 %
GAAP operating margin (see footnote 1)	26 %	38 %	23 %	26 %	29 %	23 %	29 %	26 %
Non-GAAP operating margin (see footnote 1)	35 %	45 %	31 %	35 %	37 %	32 %	37 %	35 %
<b>Other Data</b>								
GAAP effective tax rate	25.5 %	25.6 %	21.7 %	23.6 %	24.4 %	22.8 %	26.7 %	25.1 %
Non-GAAP effective tax rate	25.7 %	25.7 %	22.1 %	24.3 %	24.7 %	23.1 %	26.0 %	24.8 %
Capital Expenditures	\$ 8,967	\$ 8,905	\$ 19,250	\$ 51,186	\$ 88,308	\$ 21,661	\$ 46,363	\$ 68,024
Cash, cash equivalents, and investments	\$ 957,765	\$ 1,042,357	\$ 1,085,048	\$ 1,096,015	\$ 1,096,015	\$ 939,006	\$ 1,032,455	\$ 1,032,455
Total employees	1,582	1,605	1,648	1,667	1,667	1,827	1,842	1,842
DSO	34	30	42	36	35	40	36	33

#### Footnotes:

1) Operating Margins above are calculated as Operating Income divided by Revenue.

#### Other Information:

- Minor rounding differences may exist as a result of the effect of rounding to the nearest dollar amount or percentage.

- 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. 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=>.

- To supplement Dolby's financial statements presented on a GAAP basis, Dolby provides certain non-GAAP financial measures. These measures are adjusted to exclude amounts related to stock-based compensation, expense associated with dividend equivalents paid on restricted stock units, the amortization of intangibles from business combinations, restructuring charges, and the related tax impact of these items. Dolby presents 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 both GAAP and non-GAAP measures 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 non-GAAP financial measures in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. Whenever Dolby uses non-GAAP financial measures, it provides a reconciliation of the non-GAAP financial measures to the most closely applicable GAAP financial measures. 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 measures as detailed above. Investors are also encouraged to review Dolby's GAAP financial statements as reported in its SEC filings.

- A reconciliation between GAAP and non-GAAP financial measures is provided on the following page(s).

# DOLBY LABORATORIES

## Non-GAAP Percentage Reconciliation Unaudited

	Q1 2014	Q2 2014	Q3 2014	Q4 2014	FY 2014	Q1 2015	Q2 2015	FY 2015
<b>Selected Operating Expenses as % of Revenue</b>								
GAAP Research and Development	19 %	16 %	21 %	21 %	19 %	21 %	21 %	21 %
Stock-based compensation	(2)%	(2)%	(2)%	(2)%	(2)%	(3)%	(2)%	(2)%
Amortization of acquired intangibles	(0)%	(0)%	(0)%	(0)%	(0)%	0 %	0 %	0 %
RSU dividend equivalent	(0)%	(0)%	(0)%	(0)%	(0)%	(0)%	(0)%	(0)%
Non-GAAP Research and Development	17 %	14 %	19 %	19 %	17 %	18 %	19 %	19 %
GAAP Sales and Marketing	26 %	23 %	28 %	28 %	26 %	29 %	24 %	26 %
Stock-based compensation	(2)%	(2)%	(3)%	(3)%	(3)%	(3)%	(2)%	(2)%
Amortization of acquired intangibles	(1)%	(0)%	(0)%	(0)%	(0)%	—	(1)%	(1)%
RSU dividend equivalent	(0)%	(0)%	(0)%	(0)%	(0)%	(0)%	(0)%	(0)%
Non-GAAP Sales and Marketing	23 %	21 %	25 %	25 %	23 %	26 %	21 %	23 %
GAAP General and Administrative	18 %	17 %	20 %	20 %	19 %	19 %	17 %	18 %
Stock-based compensation	(2)%	(3)%	(3)%	(3)%	(3)%	(3)%	(2)%	(3)%
Amortization of acquired intangibles	—	—	—	—	—	—	—	—
RSU dividend equivalent	(0)%	(0)%	(0)%	(0)%	(0)%	(0)%	(0)%	(0)%
Non-GAAP General and Administrative	16 %	14 %	17 %	17 %	16 %	16 %	15 %	15 %
<b>Margins</b>								
GAAP gross margin: Licensing	98.1 %	98.6 %	97.9 %	100.6 %	98.8 %	98.4 %	98.4 %	98.4 %
Amortization of acquired intangibles	0.6 %	0.4 %	0.6 %	0.6 %	0.5 %	0.6 %	0.6 %	0.6 %
Non-GAAP gross margin: Licensing	98.7 %	99.0 %	98.5 %	101.2 %	99.3 %	99.0 %	99.0 %	99.0 %
GAAP gross margin: Products	23.8 %	29.3 %	16.3 %	25.0 %	23.8 %	5.1 %	20.7 %	15.0 %
Stock-based compensation	1.0 %	1.5 %	1.5 %	1.6 %	1.4 %	1.8 %	1.0 %	1.3 %
Amortization of acquired intangibles	4.0 %	4.9 %	5.5 %	5.2 %	4.8 %	10.2 %	7.9 %	8.6 %
RSU dividend equivalent	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.0 %	0.1 %
Non-GAAP gross margin: Products	28.9 %	35.8 %	23.4 %	31.9 %	30.1 %	17.2 %	29.6 %	25.0 %
GAAP gross margin: Services	52.2 %	35.9 %	23.9 %	20.0 %	35.6 %	23.6 %	44.5 %	35.4 %
Stock-based compensation	1.1 %	2.1 %	2.0 %	2.4 %	1.9 %	2.8 %	2.1 %	2.3 %
RSU dividend equivalent	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %
Non-GAAP gross margin: Services	53.4 %	38.1 %	26.0 %	22.5 %	37.6 %	26.5 %	46.7 %	37.8 %
GAAP gross margin: Overall	90.8 %	93.7 %	91.6 %	94.5 %	92.7 %	91.7 %	90.8 %	91.2 %
Stock-based compensation	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.2 %	0.1 %	0.1 %
Amortization of acquired intangibles	0.8 %	0.7 %	0.9 %	0.9 %	0.8 %	1.1 %	1.1 %	1.2 %
RSU dividend equivalent	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Non-GAAP gross margin: Overall	91.7 %	94.5 %	92.6 %	95.5 %	93.6 %	93.0 %	92.0 %	92.5 %
GAAP operating margin (see footnote 1)	26 %	38 %	23 %	26 %	29 %	23 %	29 %	26 %
Stock-based compensation	7 %	6 %	7 %	8 %	7 %	7 %	6 %	7 %
Amortization of acquired intangibles	1 %	1 %	1 %	1 %	1 %	2 %	2 %	2 %
RSU dividend equivalent	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %
Restructuring charges, net	1 %	0 %	(0)%	(0)%	0 %	(0)%	—	(0)%
Non-GAAP operating margin (see footnote 1)	35 %	45 %	31 %	35 %	37 %	32 %	37 %	35 %
<b>Other Data</b>								
GAAP effective tax rate	25.5 %	25.6 %	21.7 %	23.6 %	24.4 %	22.8 %	26.7 %	25.1 %
Stock-based compensation	0.2 %	0.1 %	0.4 %	0.6 %	0.2 %	0.3 %	(0.6)%	(0.3)%
Amortization of acquired intangibles	—	—	—	0.1 %	0.1 %	—	(0.1)%	—
RSU dividend equivalent	—	—	—	—	—	—	—	—
Restructuring charges, net	—	—	—	—	—	—	—	—
Non-GAAP effective tax rate	25.7 %	25.7 %	22.1 %	24.3 %	24.7 %	23.1 %	26.0 %	24.8 %

### Footnotes:

1) Operating Margins above are calculated as Operating Income divided by Revenue.

### Other Information:

- Minor rounding differences may exist as a result of the effect of rounding to the nearest dollar amount or percentage.

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- A reconciliation between GAAP and non-GAAP financial measures is provided on the following page(s).

# DOLBY LABORATORIES

## Reconciliation of GAAP to Non-GAAP Financial Measures: Current Quarter and Current Year-to-Date

### Unaudited

In thousands, except per share amounts

	Fiscal Quarter Ended March 27, 2015							Fiscal Year-to-Date Ended March 27, 2015						
	GAAP	Amortization of intangibles from business combinations	RSU dividend equivalent	Stock-based compensation	Tax effect of Non-GAAP adjustments	Other (see notes)	Non-GAAP	GAAP	Amortization of intangibles from business combinations	RSU dividend equivalent	Stock-based compensation	Tax effect of Non-GAAP adjustments	Other (see notes)	Non-GAAP
<b>Revenue:</b>														
Licensing	\$ 243,333	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 243,333	\$ 459,931	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 459,931
Products	22,985	-	-	-	-	-	22,985	36,248	-	-	-	-	-	36,248
Services	5,632	-	-	-	-	-	5,632	10,009	-	-	-	-	-	10,009
Total revenue	271,950	-	-	-	-	-	271,950	506,188	-	-	-	-	-	506,188
<b>Cost of revenue:</b>														
Cost of licensing	3,787	1,248	-	-	-	-	2,539	7,268	2,496	-	-	-	-	4,772
Cost of products	18,237	1,810	10	224	-	-	16,193	30,821	3,159	22	470	-	-	27,170
Cost of services	3,125	-	6	115	-	-	3,004	6,470	-	12	237	-	-	6,221
Total cost of revenue	25,149	3,058	16	339	-	-	21,736	44,559	5,655	34	707	-	-	38,163
Gross margin	246,801	(3,058)	(16)	(339)	-	-	250,214	461,629	(5,655)	(34)	(707)	-	-	468,025
<b>Operating expenses:</b>														
Research and development	56,601	(7)	142	4,938	-	-	51,528	105,195	(9)	399	10,212	-	-	94,593
Sales and marketing	65,940	1,839	210	5,576	-	-	58,315	133,958	3,258	445	11,485	-	-	118,770
General and administrative	45,653	-	192	5,814	-	-	39,647	90,369	-	419	12,105	-	-	77,845
Restructuring charges/(credits)	-	-	-	-	-	0	-	(39)	-	-	-	-	(39) (a)	-
Total operating expenses	168,194	1,832	544	16,328	-	0	149,490	329,483	3,249	1,263	33,802	-	(39)	291,208
Operating income	78,607	(4,890)	(560)	(16,667)	-	0	100,724	132,146	(8,904)	(1,297)	(34,509)	-	39	176,817
Interest income	1,091	-	-	-	-	-	1,091	1,991	-	-	-	-	-	1,991
Interest expense	(31)	-	-	-	-	-	(31)	(46)	-	-	-	-	-	(46)
Other income, net	218	-	-	-	-	-	218	110	-	-	-	-	-	110
Income before income taxes	79,885	(4,890)	(560)	(16,667)	-	0	102,002	134,201	(8,904)	(1,297)	(34,509)	-	39	178,872
Provision for income taxes	(21,353)	-	-	-	5,164	-	(26,517)	(33,732)	-	-	-	10,542	-	(44,274)
Net income including controlling interest	58,532	(4,890)	(560)	(16,667)	5,164	0	75,485	100,469	(8,904)	(1,297)	(34,509)	10,542	39	134,598
Less: net (income)/loss attributable to controlling interest	(558)	-	-	-	-	-	(558)	(1,138)	-	-	-	-	-	(1,138)
Net income attributable to Dolby Laboratories, Inc.	\$ 57,974	\$ (4,890)	\$ (560)	\$ (16,667)	\$ 5,164	\$ -	\$ 74,927	\$ 99,331	\$ (8,904)	\$ (1,297)	\$ (34,509)	\$ 10,542	\$ 39	\$ 133,460
<b>Net income per share:</b>														
Diluted	\$ 0.56	0.05	0.01	0.16	(0.06)	-	\$ 0.72	\$ 0.95	0.10	0.02	0.33	(0.12)	(0.00)	\$ 1.28
<b>Weighted-average shares outstanding:</b>														
Diluted	103,904						103,904	104,097						104,097

### Notes:

(a) Restructuring is taken out in its entirety for Non-GAAP presentation

# DOLBY LABORATORIES

## Reconciliation of GAAP to Non-GAAP Financial Measures: Prior Year Quarter and Prior Year-to-Date

### Unaudited

In thousands, except per share amounts

	Fiscal Quarter Ended March 28, 2014							Fiscal Year-to-Date Ended March 28, 2014						
	GAAP	Amortization of intangibles from business combinations	RSU dividend equivalent	Stock-based compensation	Tax effect of Non-GAAP adjustments	Other (see notes)	Non-GAAP	GAAP	Amortization of intangibles from business combinations	RSU dividend equivalent	Stock-based compensation	Tax effect of Non-GAAP adjustments	Other (see notes)	Non-GAAP
<b>Revenue:</b>														
Licensing	\$ 258,616	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 258,616	\$ 464,276	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 464,276
Products	14,563	-	-	-	-	-	14,563	32,667	-	-	-	-	-	32,667
Services	5,413	-	-	-	-	-	5,413	12,926	-	-	-	-	-	12,926
Total revenue	278,592	0	0	0	0	0	278,592	509,869	0	0	0	0	0	509,869
<b>Cost of revenue:</b>														
Cost of licensing	3,742	1,227	-	-	-	-	2,515	7,743	2,454	-	-	-	-	5,289
Cost of products	10,293	719	14	217	-	-	9,343	24,081	1,438	28	407	-	-	22,208
Cost of services	3,470	-	6	113	-	-	3,351	7,063	-	13	200	-	-	6,850
Total cost of revenue	17,505	1,946	20	330	0	0	15,209	38,887	3,892	41	607	0	0	34,347
Gross margin	261,087	(1,946)	(20)	(330)	0	0	263,383	470,982	(3,892)	(41)	(607)	0	0	475,522
<b>Operating expenses:</b>														
Research and development	44,798	5	274	4,891	-	-	39,628	89,261	9	548	9,198	-	-	79,506
Sales and marketing	64,828	856	297	6,332	-	-	57,343	125,207	1,707	583	11,357	-	-	111,560
General and administrative	46,457	0	243	6,202	-	-	40,012	88,365	0	496	11,647	-	-	76,222
Restructuring charges/(credits)	86	-	-	-	-	86 (a)	-	3,301	-	-	-	-	3,301 (a)	-
Total operating expenses	156,169	861	814	17,425	0	86	136,983	306,134	1,716	1,627	32,202	0	3,301	267,288
Operating income	104,918	(2,807)	(834)	(17,755)	0	(86)	126,400	164,848	(5,608)	(1,668)	(32,809)	0	(3,301)	208,234
Interest income	920	-	-	-	-	-	920	1,574	-	-	-	-	-	1,574
Interest expense	(93)	-	-	-	-	-	(93)	(205)	-	-	-	-	-	(205)
Other income, net	(2,823)	-	-	-	-	-	(2,823)	(2,594)	-	-	-	-	-	(2,594)
Income before income taxes	102,922	(2,807)	(834)	(17,755)	0	(86)	124,404	163,623	(5,608)	(1,668)	(32,809)	0	(3,301)	207,009
Provision for income taxes	(26,373)	-	-	-	5,598	-	(31,971)	(41,828)	-	-	-	11,372	-	(53,200)
Net income including controlling interest	76,549	(2,807)	(834)	(17,755)	5,598	(86)	92,433	121,795	(5,608)	(1,668)	(32,809)	11,372	(3,301)	153,809
Less: net (income)/loss attributable to controlling interest	(681)	-	-	-	-	-	(681)	(1,412)	-	-	-	-	-	(1,412)
Net income attributable to Dolby Laboratories, Inc.	\$ 75,868	\$ (2,807)	\$ (834)	\$ (17,755)	\$ 5,598	\$ (86)	\$ 91,752	\$ 120,383	\$ (5,608)	\$ (1,668)	\$ (32,809)	\$ 11,372	\$ (3,301)	\$ 152,397
<b>Net income per share:</b>														
Diluted	\$ 0.73	0.03	0.01	0.17	(0.06)	0.00	\$ 0.88	\$ 1.16	0.05	0.02	0.32	(0.11)	0.03	\$ 1.47
<b>Weighted-average shares outstanding:</b>														
Diluted	103,934						103,934	103,460						103,460

### Notes:

(a) Restructuring is taken out in its entirety for Non-GAAP presentation