Dolby Laboratories, Inc.
Form DEF 14A
December 26, 2012
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of

the Securities Exchange Act of 1934

Filed by the Registrant x   Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to § 240.14a-12

DOLBY LABORATORIES, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 240.0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

December 24, 2012

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of Dolby Laboratories, Inc. that will be held on February 5, 2013, at 10:30 a.m. Pacific Standard Time at our principal administrative offices located at 999 Brannan Street, San Francisco, CA 94103. The accompanying Notice of Annual Meeting, Proxy Statement and form of proxy card or written voting instruction form are being made available to you on or about December 24, 2012.

We are pleased to be furnishing proxy materials to stockholders primarily over the internet. We believe that this process expedites stockholders receipt of proxy materials, lowers the costs of our Annual Meeting and conserves natural resources. On or about December 24, 2012, we mailed our stockholders a notice that includes instructions on how to access our Proxy Statement and 2012 Annual Report and how to vote online. The notice also includes instructions on how you can receive a paper copy of your Annual Meeting materials, including the Notice of Annual Meeting, Proxy Statement and proxy card or written voting instruction form. If you elected to receive your Annual Meeting materials by mail, the Notice of Annual Meeting, Proxy Statement and proxy card or written voting instruction form were enclosed. If you elected to receive your Annual Meeting materials via e-mail, the e-mail contains voting instructions and internet links to the 2012 Annual Report and the Proxy Statement, both of which are available at http://investor.dolby.com/annuals.cfm.

Details regarding admission to the Annual Meeting of Stockholders and the business to be conducted at the Annual Meeting are described in the accompanying Notice of Annual Meeting and Proxy Statement. A copy of our 2012 Annual Report is included with the Proxy Statement for those stockholders who are receiving paper copies of the proxy materials.

Your vote is important. Regardless of whether you plan to attend the Annual Meeting of Stockholders, we hope that you will vote as soon as possible. You may vote over the internet, by telephone or by mailing a proxy card or voting instruction form. Voting over the internet, by telephone, by written proxy card or by written voting instruction form will ensure your representation at the Annual Meeting of Stockholders regardless of whether you attend in person. Please review the instructions on the proxy card or voting instruction form regarding each of these voting options.

Thank you for your ongoing support of Dolby Laboratories, Inc.

Sincerely yours,

Kevin Yeaman

President and Chief Executive Officer

TABLE OF CONTENTS

Table of Contents

Dolby Laboratories, Inc.

Notice of Annual Meeting of Stockholders

to be held on February 5, 2013

To the Stockholders of Dolby Laboratories, Inc.:

The Annual Meeting of Stockholders of Dolby Laboratories, Inc., a Delaware corporation (the Company), will be held at the Company s principal administrative offices located at 999 Brannan Street, San Francisco, CA 94103 on Tuesday, February 5, 2013, at 10:30 a.m. Pacific Standard Time, for the following purposes:

1. To elect nine directors to serve until the 2014 Annual Meeting of Stockholders or until their successors are duly elected and qualified;

2. To consider and vote upon a proposal to amend and restate the Company s 2005 Stock Plan to (i) reserve an additional 8,000,000 shares of our Class A Common Stock for issuance thereunder, (ii) re-approve the material terms of the performance metrics thereunder in order for us to continue to be able to grant awards intended to qualify as performance-based compensation under Internal Revenue Code Section 162(m), (iii) approve annual limits on the awards that may be granted to our non-employee directors pursuant to the 2005 Stock Plan, (iv) provide that shares used to satisfy tax withholding obligations related to awards granted under the 2005 Stock Plan will not be available for future grant or sale under the 2005 Stock Plan, (v) provide that no dividend equivalents may be awarded with respect to stock options or stock appreciation rights granted under the 2005 Stock Plan, nor paid on any full-value award granted under the 2005 Stock Plan prior to the vesting of such award, and (vi) make certain other changes as described in this Proxy Statement;

3. To consider and vote upon a proposal to amend and restate the Company s Employee Stock Purchase Plan to reserve an additional 3,000,000 shares of our Class A Common Stock for purchase thereunder;

4. To hold an advisory vote to approve the compensation of our Named Executive Officers as described in the Proxy Statement accompanying this Notice;

5. To hold an advisory vote on the frequency of holding future advisory votes to approve the compensation of our Named Executive Officers;

6. To ratify the appointment of KPMG LLP as the Company s independent registered public accounting firm for the Company s fiscal year ending September 27, 2013; and

7. To transact such other business as may properly come before the Annual Meeting and any postponement, adjournment or continuation of the Annual Meeting.

The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice. We are not aware of any other business to come before the Annual Meeting.

Only stockholders of record as of the close of business on December 13, 2012 and their proxies are entitled to notice of and to vote at the Annual Meeting and any postponement, adjournment or continuation thereof.

All stockholders are cordially invited to attend the Annual Meeting in person. Any stockholder attending the Annual Meeting may vote in person even if the stockholder returned a proxy card. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the Annual Meeting, you must obtain a legal proxy issued in your name from the record holder giving you the right to vote the shares. **You will need to bring proof of ownership of Company stock to enter the Annual Meeting.**

Table of Contents

By Order of the Board of Directors

Andy Sherman

Secretary

December 24, 2012

WHETHER OR NOT YOU EXPECT TO ATTEND THE ANNUAL MEETING, WE ENCOURAGE YOU TO READ THE PROXY STATEMENT ACCOMPANYING THIS NOTICE AND SUBMIT YOUR PROXY OR VOTING INSTRUCTIONS AS PROMPTLY AS POSSIBLE IN ORDER TO ENSURE YOUR REPRESENTATION AT THE ANNUAL MEETING. YOU MAY SUBMIT YOUR PROXY OR VOTING INSTRUCTIONS FOR THE ANNUAL MEETING BY COMPLETING, SIGNING, DATING AND RETURNING YOUR PROXY CARD OR VOTING INSTRUCTION FORM IN THE PRE-ADDRESSED ENVELOPE PROVIDED, OR, IN MOST CASES, BY USING THE TELEPHONE OR THE INTERNET. FOR SPECIFIC INSTRUCTIONS ON HOW TO VOTE YOUR SHARES, PLEASE REFER TO THE SECTION ENTITLED QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS AND THE ANNUAL MEETING IN THE PROXY STATEMENT ACCOMPANYING THIS NOTICE AND THE INSTRUCTIONS ON THE PROXY CARD OR VOTING INSTRUCTION FORM. EVEN IF YOU HAVE GIVEN YOUR PROXY, YOU MAY STILL VOTE IN PERSON IF YOU ATTEND THE ANNUAL MEETING. PLEASE NOTE, HOWEVER, THAT IF YOUR SHARES ARE HELD OF RECORD BY A BROKER, BANK OR OTHER NOMINEE AND YOU WISH TO VOTE AT THE ANNUAL MEETING, YOU MUST OBTAIN A LEGAL PROXY ISSUED IN YOUR NAME FROM THE RECORD HOLDER.

Table of Contents

Dolby Laboratories, Inc.

100 Potrero Avenue

San Francisco, CA 94103-4813

(415) 558-0200

PROXY STATEMENT

The Board of Directors (Board) of Dolby Laboratories, Inc., a Delaware corporation (we, us, Dolby or the Company), is soliciting proxies to used at the Annual Meeting of Stockholders of the Company to be held at the Company s principal administrative offices located at **999 Brannan Street, San Francisco, CA 94103** on Tuesday, February 5, 2013 at 10:30 a.m. Pacific Standard Time and any postponement, adjournment or continuation thereof (the Annual Meeting).

This Proxy Statement and the accompanying notice and form of proxy are first being made available to stockholders on or about December 24, 2012.

INTERNET AVAILABILITY OF PROXY MATERIALS

We are furnishing proxy materials to our stockholders primarily via the internet. On or about December 24, 2012, we mailed to our stockholders a Notice of Internet Availability of Proxy Materials containing instructions on how to access our proxy materials, including our Proxy Statement and our 2012 Annual Report. The Notice of Internet Availability of Proxy Materials also instructs you on how to access your voting instructions to be able to vote through the internet or by telephone. Other stockholders, in accordance with their prior requests, have received e-mail notification of how to access our proxy materials and vote via the internet, or have been mailed paper copies of our proxy materials and a proxy card or voting instruction form.

Internet distribution of our proxy materials helps to expedite receipt by stockholders, lowers the cost of the Annual Meeting and conserves natural resources. However, if you would prefer to receive printed proxy materials, please follow the instructions included in the Notice of Internet Availability of Proxy Materials. If you have previously elected to receive our proxy materials electronically, you will continue to receive these materials via e-mail unless you elect otherwise.

QUESTIONS AND ANSWERS ABOUT

THE PROXY MATERIALS AND THE ANNUAL MEETING

What proposals will be voted on at the Annual Meeting?

Six proposals will be voted on at the Annual Meeting:

- The election of the nine directors specified in this Proxy Statement;

An amendment and restatement of the Company s 2005 Stock Plan to (i) reserve an additional 8,000,000 shares of our Class A Common Stock for issuance thereunder, (ii) re-approve the material terms of the performance metrics thereunder in order for us to continue to be able to grant awards intended to qualify as performance-based compensation under Internal Revenue Code Section 162(m), (iii) approve annual limits on the awards that may be granted to our non-employee directors pursuant to the 2005 Stock Plan, (iv) provide that shares used to satisfy tax withholding obligations related to awards granted under the 2005 Stock Plan will not be available for future grant or sale under the 2005

1

Table of Contents

Stock Plan, (v) provide that no dividend equivalents may be awarded with respect to stock options or stock appreciation rights granted under the 2005 Stock Plan, nor paid on any full-value award granted under the 2005 Stock Plan prior to the vesting of such award, and (vi) make certain other changes as described in this Proxy Statement;

An amendment and restatement of the Company s Employee Stock Purchase Plan to reserve an additional 3,000,000 shares of our Class A Common Stock for purchase thereunder;

An advisory vote to approve the compensation of our Named Executive Officers as described in this Proxy Statement;

An advisory vote on the frequency of holding future advisory votes to approve the compensation of our Named Executive Officers; and

The ratification of the appointment of KPMG LLP as the Company s independent registered public accounting firm for the Company s fiscal year ending September 27, 2013.

What are the Board s recommendations?

Our Board unanimously recommends that you vote:

FOR election of each of the nominated directors specified in this Proxy Statement (Proposal 1);

FOR amendment and restatement of the Company s 2005 Stock Plan to (i) reserve an additional 8,000,000 shares of our Class A Common Stock for issuance thereunder, (ii) re-approve the material terms of the performance metrics thereunder in order for us to continue to be able to grant awards intended to qualify as performance-based compensation under Internal Revenue Code Section 162(m), (iii) approve annual limits on the awards that may be granted to our non-employee directors pursuant to the 2005 Stock Plan, (iv) provide that shares used to satisfy tax withholding obligations related to awards granted under the 2005 Stock Plan will not be available for future grant or sale under the 2005 Stock Plan, (v) provide that no dividend equivalents may be awarded with respect to options or stock appreciation rights granted under the 2005 Stock Plan, nor paid on any full-value award granted under the 2005 Stock Plan prior to the vesting of such award, and (vi) make certain other changes as described in this Proxy Statement (Proposal 2);

FOR amendment and restatement of the Company s Employee Stock Purchase Plan to reserve an additional 3,000,000 shares of our Class A Common Stock for purchase thereunder (Proposal 3);

FOR the approval, on an advisory basis, of the compensation of our Named Executive Officers as described in this Proxy Statement (Proposal 4);

FOR the approval, on an advisory basis, of an ANNUAL vote on the compensation of our Named Executive Officers (Proposal 5); and

FOR ratification of the appointment of KPMG LLP as the Company s independent registered public accounting firm for our fiscal year ending September 27, 2013 (Proposal 6).

Will there be any other items of business on the agenda?

We do not expect any other items of business because the deadline for stockholder proposals and nominations has already passed. Nonetheless, in case other business is brought before the Annual Meeting, the accompanying proxy gives discretionary authority to the persons named on the proxy with respect to voting on any such other matters. Those persons intend to vote that proxy in accordance with their best judgment.

Who is entitled to vote?

Stockholders of record at the close of business on December 13, 2012 (the Record Date) may vote at the Annual Meeting. As of the close of business on the Record Date, there were 45,396,091 shares of our Class A Common Stock outstanding and 56,592,456 shares of our Class B Common Stock outstanding. Each share of

Class A Common Stock is entitled to one vote, and each share of Class B Common Stock is entitled to ten votes, on all matters being considered at the Annual Meeting. The Class A Common Stock and Class B Common Stock vote as a single class on all matters described in these proxy materials.

We refer to our Class A Common Stock and our Class B Common Stock collectively as our Common Stock. As of the Record Date, holders of Common Stock are eligible to cast an aggregate of 611,320,651 votes at the Annual Meeting.

What constitutes a quorum?

The presence at the Annual Meeting, in person or by proxy, of the holders of a majority of the voting power of the Common Stock outstanding on the Record Date will constitute a quorum. Both abstentions and broker non-votes (as discussed under What vote is required to approve each item? below) are counted for the purpose of determining the presence of a quorum.

What is the difference between holding shares as a stockholder of record and as a beneficial owner?

Stockholder of Record. If your shares are registered directly in your name with Dolby s transfer agent, Computershare Trust Company, N.A., you are considered the stockholder of record, with respect to those shares. Stockholders of record received this Proxy Statement and the accompanying 2012 Annual Report and proxy card directly from us.

Beneficial Owner. If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name. Your broker, bank or other nominee, who is considered with respect to those shares the stockholder of record, forwarded the Notice of Internet Availability of Proxy Materials to you. As the beneficial owner, you have the right to direct your broker, bank or other nominee on how to vote your shares by completing the voting instruction form.

How do I vote?

You may vote using any of the following methods:

By Mail

Stockholders of record of Common Stock may submit proxies by completing, signing and dating their proxy cards and mailing them in the accompanying pre-addressed envelopes. If you return your signed proxy but do not indicate your voting preferences, your shares will be voted on your behalf as follows:

FOR election of each of the nominated directors specified in this Proxy Statement (Proposal 1);

FOR amendment and restatement of the Company s 2005 Stock Plan to (i) reserve an additional 8,000,000 shares of our Class A Common Stock for issuance thereunder, (ii) re-approve the material terms of the performance metrics thereunder in order for us to continue to be able to grant awards intended to qualify as performance-based compensation under Internal Revenue Code Section 162(m), (iii) approve annual limits on the awards that may be granted to our non-employee directors pursuant to the 2005 Stock Plan, (iv) provide that shares used to satisfy tax withholding obligations related to awards granted under the 2005 Stock Plan will not be available for future grant or sale under the 2005 Stock Plan, (v) provide that no dividend equivalents may be awarded with respect to stock options or stock appreciation rights granted under the 2005 Stock Plan, nor paid on any full-value award granted under the 2005 Stock Plan prior to the vesting of such award, and (vi) make certain other changes as described in this Proxy Statement (Proposal 2);

FOR amendment and restatement of the Company s Employee Stock Purchase Plan to reserve an additional 3,000,000 shares of our Class A Common Stock for purchase thereunder (Proposal 3);

3

FOR the approval, on an advisory basis, of the compensation of our Named Executive Officers as described in this Proxy Statement (Proposal 4);

FOR the approval, on an advisory basis, of an ANNUAL advisory vote to approve the compensation of our Named Executive Officers (Proposal 5); and

FOR ratification of the appointment of KPMG LLP as the Company s independent registered public accounting firm for our fiscal year ending September 27, 2013 (Proposal 6).

Dolby stockholders who hold shares beneficially in street name may provide voting instructions by mail by completing, *signing* and dating the voting instruction forms provided by their brokers, banks or other nominees and mailing them in the accompanying pre-addressed envelopes.

By Internet Stockholders of record of Common Stock with internet access may submit proxies by following the internet voting instructions on their proxy cards. Most Dolby stockholders who hold shares beneficially in street name may provide voting instructions by accessing the website specified on the voting instruction forms provided by their brokers, banks or other nominees. Please check the voting instruction form for internet voting availability. Please be aware that if you submit voting instructions over the internet, you may incur costs such as telephone and internet access charges for which you will be responsible.

By Telephone Stockholders of record of Common Stock who live in the United States or Canada may submit proxies by following the telephone voting instructions on their proxy cards. Most Dolby stockholders who hold shares beneficially in street name and live in the United States or Canada may provide voting instructions by telephone by calling the number specified on the voting instruction forms provided by their brokers, banks or other nominees. Please check the voting instruction form for telephone voting availability.

In Person at the Annual Meeting Shares held in your name as the stockholder of record may be voted in person at the Annual Meeting. Shares held beneficially in street name may be voted in person only if you obtain a legal proxy from the broker, bank or other nominee that holds your shares giving you the right to vote the shares. ***Even if you plan to attend the Annual Meeting, we recommend that you also submit your proxy or voting instructions by mail, telephone, or the internet so that your vote will be counted if you later decide not to attend the Annual Meeting***.

Can I change my vote or revoke my proxy?

If you are a stockholder of record, you may revoke your proxy at any time prior to the vote at the Annual Meeting. If you submitted your proxy by mail, you must file with the Secretary of the Company a written notice of revocation or deliver, prior to the vote at the Annual Meeting, a valid, later-dated proxy. If you submitted your proxy by telephone or the internet, you may revoke your proxy with a later telephone or internet proxy, as the case may be. Attendance at the Annual Meeting will not have the effect of revoking a proxy unless you give written notice of revocation to the Secretary before the proxy is exercised or you vote by written ballot at the Annual Meeting. If you are a beneficial owner, you may change your vote by submitting new voting instructions to your broker, bank or other nominee, or, if you have obtained a legal proxy from your broker, bank or other nominee giving you the right to vote your shares, by attending the meeting and voting in person.

Table of Contents

What vote is required to approve each item?

Item	Vote Required	Broker Discretionary Voting Allowed
Proposal 1 The election of directors	Plurality of Votes Cast	No
Proposal 2 Amendment and restatement of the Company s 2005 Stock Plan	Majority of the Shares Entitled to Vote and Present in Person or Represented by Proxy	No
Proposal 3 Amendment and restatement of the Company s Employee Stock Purchase Plan	Majority of the Shares Entitled to Vote and Present in Person or Represented by Proxy	No
Proposal 4 Advisory vote to approve the compensation of our Named Executive Officers	Majority of the Shares Entitled to Vote and Present in Person or Represented by Proxy	No
Proposal 5 Advisory vote on the frequency of holding future advisory votes to approve the compensation of our Named Executive Officers	Plurality of Votes Cast	No
Proposal 6 The ratification of the appointment of KPMG LLP as the Company s independent registered public accounting firm for our fiscal year ending September 27, 2013	Majority of the Shares Entitled to Vote and Present in Person or Represented by Proxy	Yes

With respect to Proposal 1, you may vote FOR all nominees, WITHHOLD your vote as to all nominees, or FOR all nominees except those specific nominees from whom you WITHHOLD your vote. The nine nominees receiving the most FOR votes will be elected. A properly executed proxy marked WITHHOLD with respect to the election of one or more directors will not be voted with respect to the director or directors indicated. Proxies may not be voted for more than nine directors and stockholders may not cumulate votes in the election of directors. If you abstain from voting on Proposal 1, the abstention will not have an effect on the outcome of the vote.

With respect to Proposals 2, 3, 4 and 6, you may vote FOR, AGAINST or ABSTAIN. **If you ABSTAIN from voting on Proposals 2, 3, 4 or 6, the abstention will have the same effect as an AGAINST vote.**

With respect to Proposal 5, you may vote FOR every ONE YEAR, FOR every TWO YEARS, FOR every THREE YEARS, or ABSTAIN**.** If you abstain from voting on Proposal 5, the abstention will not have an effect on the outcome of the vote.

If you hold your shares beneficially in street name and do not provide your broker or other nominee with voting instructions, your shares may constitute broker non-votes. When a proposal is not a routine matter and the brokerage firm has not received voting instructions from the beneficial owner of the shares with respect to that proposal, the brokerage firm cannot vote the shares on that proposal. This is called a broker non-vote. Proposals 1, 2, 3, 4 and 5 are not considered routine matters, but the ratification of the appointment of KPMG LLP as the Company s independent registered public accounting firm (Proposal 6) is considered a routine matter. In tabulating the voting results for any particular proposal, shares that constitute broker non-votes are not considered entitled to vote on that proposal. Thus, broker non-votes would be counted for the purpose of determining a quorum, but will not affect the outcome of any other matter being voted on at the Annual Meeting.

Is cumulative voting permitted for the election of directors?

No. The Company s Certificate of Incorporation and Bylaws do not permit cumulative voting at any election of directors.

Table of Contents

How are proxies solicited?

The costs and expenses of soliciting proxies from stockholders will be paid by the Company. Employees, officers and directors of the Company may solicit proxies. We also have retained Alliance Advisors, LLC to assist in soliciting proxies and we expect to pay Alliance Advisors, LLC approximately $6,750 for such services, plus reasonable out-of-pocket expenses. In addition, we will, upon request, reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to the beneficial owners of Common Stock.

What is the deadline for stockholder proposals for the 2014 Annual Meeting?

The deadline for submitting a stockholder proposal for inclusion in the Company s proxy statement and form of proxy for the Company s 2014 Annual Meeting of Stockholders pursuant to Rule 14a-8 of the Securities Exchange Act of 1934, as amended (the Exchange Act), is August 26, 2013.

In addition, our Bylaws contain additional advance notice requirements for stockholders who wish to present certain matters before an Annual Meeting of Stockholders.

Advance Notice of Director Nominations In general, nominations for the election of directors may be made (1) by or at the direction of the Board or (2) by any stockholder of the Company who (a) was a stockholder of record at the time of the giving of the notice provided for in the Company s Bylaws and on the record date for the determination of stockholders entitled to vote at the annual meeting and (b) has complied with the notice procedures set forth in the Bylaws, including the delivery of written notice in proper form to the Secretary of the Company within the Notice Period (as defined below) containing specified information concerning the nominees and concerning the stockholder proposing such nominations. If a stockholder wishes only to recommend a candidate for consideration by the Nominating and Governance Committee as a potential nominee for the Company s Board, see the procedures discussed in Corporate Governance Matters Policy for Director Recommendations.

Advance Notice of Other Business The Company s Bylaws also provide that the only business that may be conducted at an annual meeting is business that is (1) brought pursuant to the Company s proxy materials with respect to such meeting, (2) brought before the meeting by or at the direction of the Board, or (3) a proper matter for stockholder action pursuant to the Bylaws and under Delaware law, properly brought before the meeting by any stockholder who (a) is a stockholder of record at the time of the giving of the notice provided for in the Company s Bylaws and on the record date for the determination of stockholders entitled to vote at the annual meeting and (b) has complied with the notice procedures set forth in the Bylaws, including the delivery of written notice in proper form to the Secretary of the Company within the Notice Period containing specified information concerning the matters to be brought before such meeting and concerning the stockholder proposing such matters.

The Notice Period is defined as that period not later than the 45th day nor earlier than the 75th day before the one-year anniversary of the date on which the Company first mailed its proxy materials or a notice of availability of proxy materials (whichever is earlier) for the preceding year s annual meeting. If no annual meeting was held in the previous year or the annual meeting is advanced by more than 30 days prior to or delayed by more than 60 days after the one-year anniversary of the date of the previous years annual meeting, then the stockholder s notice must be received no earlier than the close of business on the 120th day prior to such annual meeting and not later than the close of business on the later of (i) the 90th day prior to such annual meeting or (ii) the tenth day following the day on which Public Announcement (as defined below) of the date of the meeting was first made. Public Announcement means disclosure in a press release reported by the Dow Jones News Service, Associated Press or a comparable national news service or in a document publicly filed by the Company with the Securities and Exchange Commission (SEC) pursuant to Section 13, 14 or 15(d) of the Exchange Act. The Notice Period for the 2014 annual stockholder meeting will start on October 10, 2013 and end on November 9, 2013.

Table of Contents

If a stockholder who has notified the Company of his or her intention to present a proposal at an annual meeting does not appear to present his or her proposal at such meeting, the Company need not present the proposal for vote at the meeting.

A copy of the full text of the Bylaw provisions discussed above may be obtained by writing to the Secretary of the Company. All notices of proposals by stockholders, whether or not intended to be included in the Company s proxy materials, should be sent to our principal executive offices at Dolby Laboratories, Inc., 100 Potrero Avenue, San Francisco, CA 94103-4813, Attention: Corporate Secretary.

What are the fiscal year end dates?

This Proxy Statement provides information about the matters to be voted on at the Annual Meeting and additional information about Dolby and its executive officers, directors and director nominee. Some of the information is provided as of the end of our 2010, 2011 or 2012 fiscal years and some information is provided as of a more current date. Each of our fiscal years ends on the last Friday of September. Our 2010 fiscal year ended on September 24, 2010, our 2011 fiscal year ended on September 30, 2011, our 2012 fiscal year ended on September 28, 2012 and our 2013 fiscal year ends on September 27, 2013.

Table of Contents

PROPOSAL 1

ELECTION OF DIRECTORS

Nominees

Our Board currently consists of nine members. Our Bylaws permit our Board to establish by resolution the authorized number of directors, and nine directors are currently authorized. Ted W. Hall has notified the Board that he will not stand for re-election to the Board at the Annual Meeting, but will continue to serve as a member of the Board until the expiration of his current term ending on the date of the Annual Meeting. The Company acknowledges with gratitude Mr. Hall s years of service to the Company and its stockholders.

The Board proposes the election of nine directors of the Company, each to serve until the next Annual Meeting of Stockholders or until his or her successor is duly elected and qualified. All incumbent directors, except for Ted W. Hall, are nominees for re-election to the Board. Micheline Chau is standing for election to the Board for the first time. All of the nominees have been recommended for nomination by the Nominating and Governance Committee and all of them, except Ms. Chau, are currently serving as directors of the Company. All nominees except Ms. Chau were elected by the stockholders at last year s annual meeting. Your proxy cannot be voted for a greater number of persons than the number of nominees named in this Proxy Statement.

In exercising its responsibility for evaluating the composition of the Board, the Nominating and Governance Committee discussed potential director candidates throughout fiscal 2012. In the fourth quarter of fiscal 2012, the Nominating and Governance Committee considered the candidacy of Ms. Chau, who was recommended by a third-party search firm. Following an extensive interview and evaluation process, the Nominating and Governance Committee recommended the nomination of Ms. Chau to the Board and the Board nominated Ms. Chau for election at the Annual Meeting.

Each person nominated for election has agreed to serve if elected, and management has no reason to believe that any nominee will be unavailable to serve. If any nominee is unable or declines to serve as director at the time of the Annual Meeting, an event that the Company does not currently anticipate, proxies will be voted for any nominee designated by the Board to fill the vacancy. Unless otherwise instructed, the proxy holders will vote the proxies received by them FOR the nominees named below.

In addition, Ray Dolby, who was a Board member until his retirement in February 2011, currently serves as Founder and Director Emeritus of the Company. In this position, he is entitled to attend meetings of the Board and its committees as an observer and to receive copies of the related meeting materials, but he does not have Board voting rights.

Information Regarding the Nominees and our Founder and Director Emeritus

Names of the nominees and certain biographical information about them as of the Record Date are set forth below:

Name	Age	Position with the Company	Director Since
Kevin Yeaman(1)	46	President, Chief Executive Officer and Director	2009
Peter Gotcher	53	Chairman of the Board of Directors	2003
Micheline Chau	59	Director Nominee	N/A
David Dolby	35	Director	2011
Nicholas Donatiello, Jr.(2)(3)	52	Director	2009
Bill Jasper	65	Director	2003
Sanford Robertson(3)(4)	81	Director	2003
Roger Siboni(2)(4)	58	Director	2004
Avadis Tevanian, Jr.(2)(3)	51	Director	2009

Table of Contents

(1) Member of the Stock Plan Committee
(2) Member of the Compensation Committee
(3) Member of the Nominating and Governance Committee
(4) Member of the Audit Committee

Kevin Yeaman became our President and Chief Executive Officer in March 2009 and has been a member of the Board since he assumed the role of Chief Executive Officer. He joined Dolby as the Chief Financial Officer and Vice President in October 2005, was appointed Senior Vice President in November 2006 and Executive Vice President in July 2007. Prior to joining Dolby, he worked for seven years at E.piphany, Inc., a publicly traded enterprise software company, most recently as the chief financial officer from August 1999 to October 2005. Previously, Mr. Yeaman also served as Worldwide Vice President of Field Finance Operations for Informix Software, Inc., a provider of relational database software, from February 1998 to August 1998. From September 1988 to February 1998, Mr. Yeaman served in Silicon Valley and London in various positions at KPMG LLP, an accounting firm, serving most recently as a senior manager. Mr. Yeaman holds a B.S. degree in commerce from Santa Clara University.

As the Chief Executive Officer and former Chief Financial Officer of the Company, Mr. Yeaman has extensive experience in Dolby s markets and brings to the Board a deep understanding of the Company, its finances, operations and strategy.

Peter Gotcher has served as a director since June 2003 and as Chairman of the Board of Directors since March 2011. Mr. Gotcher served as Executive Chairman of the Board of Directors from March 2009 until March 2011. Mr. Gotcher is an independent investor. Mr. Gotcher was a venture partner with Redpoint Ventures, a private investment firm, from September 1999 to January 2003. Prior to joining Redpoint Ventures, Mr. Gotcher was a venture partner with Institutional Venture Partners, a private investment firm, from 1997 to September 1999. Prior to joining Institutional Venture Partners, Mr. Gotcher founded and served as the president, chief executive officer and chairman of the board of Digidesign from 1984 to 1995. Digidesign was acquired by Avid Technology, a media software company, in 1995 and Mr. Gotcher served as the general manager of Digidesign and executive vice president of Avid Technology from January 1995 to May 1996. Mr. Gotcher serves on the board of directors of Pandora Media, Inc. Mr. Gotcher also serves on the boards of directors of several private companies. Mr. Gotcher holds a B.A. degree in English literature from the University of California at Berkeley.

As the founder, former chief executive officer and chairman of Digidesign and a former venture capitalist, Mr. Gotcher has a broad understanding of the operational, financial and strategic issues facing public companies. In addition, his service on other boards and committees, including as a member of the Audit and Nominating and Corporate Governance Committees of Pandora Media, Inc., and his extensive experience in Dolby s markets, provide valuable perspective for the Board and gives him significant operating experience, as well as financial, accounting and corporate governance experience.

Micheline Chau is standing for election by our stockholders for the first time. Ms. Chau served as President and Chief Operating Officer of Lucasfilm Ltd., a film and entertainment company, from April 2003 to September 2012. Prior to assuming her role as President and Chief Operating Officer, Ms. Chau served as Lucasfilm s Chief Financial Officer, from 1991 to March 2003. Before that, Ms. Chau was Chief Financial/Administrative Officer for Bell Atlantic Healthcare Systems and held other executive-level positions within various industries, including retail, restaurant, venture capital and financial services. Ms. Chau sat on the board of directors of Red Hat, Inc., an open source enterprise software provider, from November 2008 to August 2012, and also served as a member of Red Hat s Compensation and Nominating and Corporate Governance Committees. In addition, Ms. Chau currently sits on the boards of directors of several private and non-profit entities, including as Vice Chairman of the California Healthcare Foundation.

As the former President, Chief Operating Officer and Chief Financial Officer of Lucasfilm, Ms. Chau brings to our Board senior leadership and significant operating experience, as well as financial and entertainment

Table of Contents

industry expertise. In addition, as a former public company director and member of the Compensation and Nominating and Corporate Governance Committees of Red Hat, Ms. Chau brings to the Board corporate governance experience.

David Dolby has served as a director and as a consultant to the Board on technology strategy matters since February 2011. Previously, Mr. Dolby served as Manager, Strategic Partnership from May 2008 until February 2011. In this role, Mr. Dolby was responsible for managing Company strategic partnerships and technology standards for internet media encoding, delivery and playback. He represented the Company in technical and business working groups at a variety of international standards groups, including Universal Serial Bus, Digital Living Network Alliance, Digital Entertainment Content Ecosystem Ultraviolet, and Blu-ray Disc Association. Mr. Dolby has attended industry events with the Company for a significant number of years, including Audio Engineering Society, National Association of Broadcasters, International Consumer Electronics Show, ShoWest, Cine Expo International, IFA, and Custom Electronic Design and Installation Association. Before joining the Company from 2006 to 2008, Mr. Dolby was a self-employed entrepreneur and investor. Mr. Dolby attended Stanford Business School between 2004 and 2006. During that time Mr. Dolby served as product manager at Kaleidescape, Inc., a Silicon Valley technology firm focused on high-performance music and movie server systems. From 2003 to 2006, he owned and operated Charter Flight LLC, a private aircraft leasing business. In addition, during 2004, Mr. Dolby was an investment banking analyst focused on technology at Perseus Group (now GCA Savvian). From 2000 to 2002, Mr. Dolby was an employee of NetVMG, a company developing route control software for optimizing multi-homed IP network routing. Before joining NetVMG, Mr. Dolby worked for engineering firms Bechtel and Poe & Associates. Mr. Dolby received a B.S.E. in Civil Engineering from Duke University and an M.B.A. from Stanford University.

Mr. Dolby brings experience to the Board in home theater system technology, software technology productization, and offers a long-term perspective on the growth of the Company and its commitment to excellence in audio and video.

Nicholas Donatiello, Jr. has served as a director since February 2009. Mr. Donatiello has been the President and CEO of Odyssey Ventures, Inc. since September 1993. Prior to founding Odyssey, he was Press Secretary and Campaign Manager for U.S. Senator Bill Bradley and a consultant at McKinsey & Company. Mr. Donatiello is a director of three of the American Funds managed by Capital Research and Management. He also serves on the boards of directors of a number of private companies and since January 2010, as a member of the board of directors for the Schwab Charitable Fund. Mr. Donatiello is also a Lecturer in Accounting at the Stanford Graduate School of Business. Mr. Donatiello served on the board of Gemstar-TV Guide International from July 2000 to May 2008. In addition, Mr. Donatiello served as director of Classmates Media Corporation, a wholly owned subsidiary of United Online, from 2007 to 2010 and as chairman of the board of Northern California Public Broadcasting, Inc. from 2006 through 2008. Mr. Donatiello holds a B.S.E. degree in engineering from Princeton University and an M.B.A. degree from Stanford University.

As the founder, President and CEO of Odyssey Ventures, Inc., a market research firm focused on understanding consumers, media and technology, Mr. Donatiello has extensive experience in the marketing elements of Dolby s markets. In addition, through his work at McKinsey & Company and his service on the boards of a variety of private and public companies, Mr. Donatiello has a broad understanding of the operational, financial and strategic issues facing companies.

Bill Jasper has served as a director since June 2003. Mr. Jasper joined Dolby in February 1979 as Chief Financial Officer and retired as President and Chief Executive Officer in March 2009. Mr. Jasper served in a variety of positions prior to becoming President in May 1983, including as our Vice President, Finance and Administration and Executive Vice President. Mr. Jasper served on the board of FOCUS Enhancements from March 2001 to September 2008. Mr. Jasper is a member of the Audio Engineering Society, the Society of Motion Picture and Television Engineers and an at-large member of the Academy of Motion Picture Arts and Sciences. Mr. Jasper holds a B.S. degree in industrial engineering from Stanford University and a M.B.A. from the University of California at Berkeley.

Table of Contents

With his 30 years of experience as an executive officer of the Company, Mr. Jasper has extensive experience in Dolby s markets and brings to the Board a deep understanding not only of the role of the Board, but also of the Company and its operations.

Sanford Robertson has served as a director since June 2003. Mr. Robertson has been a partner of Francisco Partners, a technology buyout fund, since 1999. Prior to founding Francisco Partners, Mr. Robertson was the founder and chairman of Robertson, Stephens & Co., a technology investment bank formed in 1978 and sold to BankBoston in 1998. Since the sale, Mr. Robertson has been a technology investor and advisor to several technology companies. Mr. Robertson was also the founder of Robertson, Colman, Siebel & Weisel, later renamed Montgomery Securities, another technology investment bank. Mr. Robertson also serves on the boards of directors of Pain Therapeutics, Inc., RPX Corporation, salesforce.com and the Schwab Charitable Fund. Mr. Robertson holds a B.B.A. and a M.B.A. from the University of Michigan.

As a founder and director of investment banks and funds, Mr. Robertson brings valuable financial and operational expertise to our Board. In addition, his service on other boards and committees, including as a member of the Audit and Nominating and Corporate Governance Committees of salesforce.com and the Audit and Compensation Committees of Pain Therapeutics, Inc., gives him significant operating experience, as well as financial, accounting and corporate governance experience.

Roger Siboni has served as a director since July 2004. Mr. Siboni served as the chairman of the board of directors of E.piphany, Inc., a provider of customer interaction software, from December 1999 until E.piphany, Inc. was acquired by SSA Global Technologies, Inc. in September 2005. Mr. Siboni also served as president and chief executive officer of E.piphany from August 1998 to July 2003. From July 1996 to August 1998, Mr. Siboni was deputy chairman and chief operating officer of KPMG Peat Marwick LLP, a member firm of KPMG International, an accounting and consulting firm. From July 1993 to June 1996, Mr. Siboni was managing partner of KPMG Peat Marwick LLP s information, communication and entertainment practice. Mr. Siboni also serves on the board of directors of Cadence Design Systems and a number of private companies, including IronPlanet, Inc. which filed a Registration Statement on Form S-1 with the SEC on March 18, 2010. Previously, Mr. Siboni served on (i) the board of FileNet Corporation from December 1998 until it was acquired by IBM in October 2006, (ii) the board of infoGROUP Inc. from January 2009 until it was acquired by CCMP Capital Advisors in July 2010, (iii) the board of ArcSight, Inc. from June 2009 until it was acquired by Hewlett-Packard Company in October 2010, and (iv) the board of Classmates Media Corporation, a wholly owned subsidiary of United Online, from 2007 to 2010. Mr. Siboni holds a B.S. degree in business administration from the University of California at Berkeley.

As a former Chairman of the Board and Chief Executive Officer of E.piphany, Inc., a former Chief Operating Officer of and managing partner of the information, communication and entertainment practice at KPMG LLP and a director of a number of companies, including as a member of the Audit, Finance and Corporate Governance and Nominating Committees of Cadence Design Systems and chairman of the Audit Committee of IronPlanet, Inc., Mr. Siboni has significant operating experience, as well as financial, accounting and corporate governance experience.

Avadis Tevanian, Jr. has served as a director since February 2009. Dr. Tevanian has served as a Managing Director of Elevation Partners, a private equity firm, since joining the firm in January 2010. Dr. Tevanian served as the Software Chief Technology Officer of Apple Inc. from 2003 to 2006. As Software CTO, Dr. Tevanian focused on setting company-wide software technology direction for Apple. Prior to his tenure as Software CTO, Dr. Tevanian was Senior Vice President of Software at Apple, a role he took on when Apple acquired NeXT, Inc. in 1997. As Senior Vice President of Software, Dr. Tevanian led the software engineering team responsible for the creation of Mac OS X and worked as part of Apple s executive team. Before joining Apple, he was Vice President of Engineering at NeXT, Inc. and was responsible for managing NeXT s engineering department. Dr. Tevanian started his professional career at Carnegie Mellon University, where he was a principal designer and engineer of the Mach operating system upon which Nextstep, and now OS X and iOS, are based.

Table of Contents

Dr. Tevanian is a former board member of Tellme Networks, Inc., an internet telecom company acquired by Microsoft. He holds a B.A. degree in mathematics from the University of Rochester and M.S. and Ph.D. degrees in computer science from Carnegie Mellon University.

With more than 20 years of operational and software expertise, including as Apple s Chief Software Technology Officer, Dr. Tevanian brings to the Board extensive experience in consumer technology businesses and a deep understanding of the operational and strategic issues facing companies.

There are no family relationships among any of our directors and executive officers.

Set forth below is certain information regarding our Founder and Director Emeritus, Ray Dolby.

Ray Dolby, Founder and Director Emeritus of Dolby Laboratories, Inc., was born in Portland, Oregon, in 1933. From 1949 to 1952, he worked on various audio and instrumentation projects at Ampex Corporation, where, from 1952 to 1957, he was mainly responsible for the development of the electronic aspects of the Ampex® videotape recording system. In 1957, he received a BS degree from Stanford University, and, upon being awarded a Marshall Scholarship and a National Science Foundation graduate fellowship, he left Ampex for further study at Cambridge University in England. He received a PhD degree in physics from Cambridge in 1961 and was elected a Fellow of Pembroke College (Honorary Fellow, 1983). During his last year at Cambridge, he was also a consultant to the United Kingdom Atomic Energy Authority.

In 1963, Mr. Dolby took up a two-year appointment as a United Nations advisor in India, and then returned to England in 1965 to establish Dolby Laboratories in London. In 1976, he moved to San Francisco, where his company established further offices, laboratories, and manufacturing facilities. Mr. Dolby served as chairman of Dolby s Board of Directors from 1965 until 2009, and he retired from the Board in 2011. He holds more than 50 U.S. patents, and has written papers on videotape recording, long-wavelength X-ray analysis, and noise reduction.

Mr. Dolby s pioneering work in noise reduction and later in surround sound has earned extensive recognition worldwide. Honors and awards he has received include:

Fellowships and Honorary Membership

- Audio Engineering Society (AES)
- Institute of Electrical and Electronics Engineers (IEEE)
- British Kinematograph Sound and Television Society
- Society of Motion Picture and Television (SMPTE)
- Royal Academy of Engineering

Awards

- Academy of Motion Picture Arts and Sciences: Scientific and Engineering Award; Academy Award® of Merit (Oscar®)
- National Academy of Television Arts and Sciences: Emmy® Award for Outstanding Individual Achievement; Emmy Award for Outstanding Achievement in Engineering Development; Charles F. Jenkins Lifetime Achievement Award

AES: Silver and Gold Medal Awards

SMPTE: Samuel L. Warner Memorial Medal Award, Alexander M. Poniatoff Gold Medal; Progress Medal

Table of Contents

IEEE: Masaru Ibuka Consumer Electronics Award; Edison Medal

American Electronics Association: David Packard Medal of Achievement

Consumer Electronics Hall of Fame

National Inventors Hall of Fame

Médaille du Festival de Cannes

Berlinale Camera

Honorary Degrees and National Recognition

US National Medal of Technology

Doctor of Science, Cambridge University

Doctor of the University, University of York

Honorary Officer of the Most Excellent Order of the British Empire (OBE)

See Corporate Governance Matters and Compensation of Directors for additional information regarding the Board.

The Board of Directors recommends a vote FOR the election of each of the nominees set forth above.

13

Table of Contents

CORPORATE GOVERNANCE MATTERS

Board Meetings and Committees

The Board held nine meetings during fiscal 2012. Each of our directors attended at least 75% of the aggregate number of meetings held by the Board and of the committees on which such director served during fiscal 2012.

The standing committees of our Board consist of an Audit Committee, a Compensation Committee, a Nominating and Governance Committee and a Stock Plan Committee, each of which has the composition and responsibilities described below. Each standing committee of the Board acts pursuant to a written charter approved by the Board, which charters are available on the Company s website at http://www.dolby.com About Us Investors Corporate Governance. Our Board also has convened, and may in the future convene, ad hoc committees of the Board from time to time as it deems necessary or advisable.

The non-management members of the Board also meet in executive session without management present on a regular basis. In addition, the independent members of the Board meet in executive session on a regular basis. The chairpersons of the Audit, Compensation, and Nominating and Governance Committees rotate as Presiding Director of these executive sessions on an annual basis. Roger Siboni, the chairperson of the Audit Committee, is the Presiding Director until January 2013, then the chairperson of the Compensation Committee, currently Nicholas Donatiello, Jr., will act as the Presiding Director until January 2014, at which time the chairperson of the Nominating and Governance Committee, currently Sanford Robertson, will act as the Presiding Director until January 2015.

Audit Committee

The current members of the Audit Committee are Ted W. Hall, Sanford Robertson and Roger Siboni, each of whom is a non-management member of our Board. Mr. Siboni is the chairman of the Audit Committee. The Audit Committee held eight meetings during fiscal 2012. Our Board has determined that each member of the Audit Committee meets the requirements for independence under the current requirements of the New York Stock Exchange (NYSE) and the SEC rules and regulations. The Board also has determined that each of Messrs. Hall, Robertson and Siboni meet the requirements for financial literacy under the applicable rules and regulations of the NYSE and SEC, and are audit committee financial experts as defined in SEC rules. The Audit Committee is responsible for, among other things:

- Monitoring the integrity of our financial statements and our compliance with legal and regulatory requirements as they relate to financial statements or accounting matters;
- Selecting and hiring our independent auditors, and approving the audit and permissible non-audit services to be performed by our independent auditors;
- Evaluating the qualifications, performance and independence of our independent auditors;
- Evaluating the performance of our internal audit function;
- Reviewing the adequacy and effectiveness of our control policies and procedures;
- Acting as our Qualified Legal Compliance Committee (QLCC);
- As appropriate, reviewing, approving or ratifying related person transactions in accordance with our Related Person Transaction Policy;

Attending to risk management matters as described in Board s Role in Risk Oversight below; and

Preparing the Audit Committee report that the SEC requires in our annual report on Form 10-K and this Proxy Statement.

Table of Contents

The Board designated the Audit Committee to act as the Company s QLCC. The QLCC was created to review any report made directly, or otherwise made known, to the QLCC by attorneys employed or retained by the Company or its subsidiaries of a material violation of U.S. federal or state securities law or similar U.S. federal or state law. The QLCC may receive, consider and investigate reports, retain experts or counsel to assist or advise them and make recommendations of an appropriate response. The QLCC may notify the SEC of any material violation.

The report of the Audit Committee is included in this Proxy Statement.

Nominating and Governance Committee

The current members of the Nominating and Governance Committee are Nicholas Donatiello, Jr., Sanford Robertson and Avadis Tevanian, Jr., each of whom is a non-management member of our Board. Mr. Robertson is the chairman of the Nominating and Governance Committee. The Nominating and Governance Committee held twelve meetings during fiscal 2012. Our Board has determined that each member of the Nominating and Governance Committee meets the requirements for independence under the current requirements of the NYSE and SEC rules and regulations. The Nominating and Governance Committee is responsible for, among other things:

- Assisting the Board in identifying prospective director nominees and recommending to the Board director nominees for each Annual Meeting of Stockholders;
- Developing and recommending to the Board governance principles applicable to us;
- Overseeing the evaluation of the Board, each Board committee and individual directors;
- Recommending Board committee members to the Board;
- Making an annual report to the Board on succession planning;
- Attending to risk management matters as described in Board s Role in Risk Oversight below; and
- On a periodic basis, reviewing director compensation and, if appropriate, recommending to the Board any proposed changes in the type or amount of compensation for directors.

Compensation Committee

The current members of the Compensation Committee are Nicholas Donatiello, Jr., Ted W. Hall, Roger Siboni and Avadis Tevanian, Jr., each of whom is a non-employee member of our Board. Mr. Hall served as chairman of the Compensation Committee during fiscal 2012 and through November 13, 2012, at which time Mr. Donatiello was appointed, and continues to serve, as the chairman of the Compensation Committee. The Compensation Committee held eleven meetings during fiscal 2012. Our Board has determined that each member of the Compensation Committee meets the requirements for independence under the current requirements of the NYSE and SEC rules and applicable regulations. The Compensation Committee is responsible for, among other things:

- Reviewing and approving corporate goals and objectives relevant to our CEO s compensation and evaluating our CEO s performance in light of those goals and objectives;

Reviewing and approving the following elements of compensation for our CEO and other executive officers: annual base salary, annual incentive compensation (consisting primarily of cash), including the specific performance goals and amounts, long-term incentive compensation (consisting of stock options and restricted stock unit awards), employment agreements, severance arrangements and change in control provisions, and any other significant benefits, compensation or arrangements that are not available to employees generally;

Table of Contents

Administering the Company s equity incentive plans, including granting equity awards under such plans;

Evaluating and approving compensation plans, policies and programs for our CEO and other executive officers;

Attending to risk management matters as described in Board s Role in Risk Oversight below; and

Preparing the Compensation Committee report that the SEC requires in our annual report on Form 10-K and this Proxy Statement.

The Compensation Committee adopted the Equity-Based Award Grant and Vesting Policy (the Equity Policy) described under Compensation Discussion and Analysis Elements of Executive Compensation Long-Term Incentive Compensation Equity-Based Award Grant and Vesting Policy and acts pursuant to the terms and conditions of the Equity Policy.

The report of the Compensation Committee is included in this Proxy Statement.

Stock Plan Committee

The current members of the Stock Plan Committee are Ted W. Hall and Kevin Yeaman. The Stock Plan Committee held one meeting during fiscal 2012 and also acted by written consent. The Stock Plan Committee has the authority to grant stock options, stock appreciation rights and restricted stock unit awards to newly hired employees and consultants, who will not be executive officers or directors of the Company on the date of grant, and make performance/promotion or retention grants of equity awards to employees and consultants who are not executive officers or directors of the Company on the date of grant. Equity awards granted by the Stock Plan Committee are subject to the terms and conditions of the Equity Policy described under Compensation Discussion and Analysis Elements of Executive Compensation Long-Term Incentive Compensation Equity-Based Award Grant and Vesting Policy. The Stock Plan Committee granted equity awards on twelve occasions in fiscal 2012.

Board s Role in Risk Oversight

Our Board is responsible for overseeing management of the Company s risks. Management is responsible for establishing our business and operational strategies, identifying and assessing the related risks and implementing appropriate risk management practices on a day-to-day basis. Our Board reviews our business and operational strategies and management s assessment of the related risk, and discusses with management the appropriate level of risk for the Company. The Board meets with management at least quarterly to review, advise and direct management with respect to strategic business risks, operational risks, legal risks and risks related to the Company s acquisition strategies, among others. The Board also delegates oversight to Board committees to oversee selected elements of risk.

The Audit Committee oversees financial risk exposures, including monitoring the Company s financial condition and investments, the integrity of the Company s financial statements, accounting matters, internal controls over financial reporting, the independence of the Company s independent registered public accounting firm, KPMG, and guidelines and policies with respect to risk assessment and risk management. The Audit Committee receives periodic internal controls and related assessments from the Company s finance department and an annual attestation report on internal control over financial reporting from KPMG. The Audit Committee oversees the Company s annual enterprise business risk assessment which is conducted by the Company s Internal Audit Department. The annual enterprise business risk assessment reviews the primary risks facing the Company and the Company s associated risk mitigation measures. In addition, the Audit Committee discusses other risk assessment and risk management policies of the Company periodically with management.

The Compensation Committee oversees the design of compensation structures that create incentives that encourage behaviors and decisions consistent with the Company s business strategy, including as described in the Compensation Discussion and Analysis below.

The Nominating and Governance Committee assists the Board in fulfilling its oversight responsibilities with respect to the management of risks associated with Board organization, membership, structure and compensation, succession planning for our directors and executive officers and corporate governance policies.

Board Leadership Structure

The Company s Corporate Governance Guidelines provide that the Board does not have a policy regarding the separation of the offices of the Chairman of the Board and Chief Executive Officer and that the Board shall be free to choose its Chairman of the Board in any way that it deems best for the Company at any given point in time. The Board believes that these issues should be considered as part of the Board s broader succession planning process.

The Board has determined that having two different individuals serve in the roles of Chairman of the Board and Chief Executive Officer is in the best interest of the Company s stockholders at this time. Mr. Yeaman currently serves as our Chief Executive Officer and Mr. Gotcher currently serves as our Chairman of the Board. The Chief Executive Officer is responsible for setting the strategic direction for the Company and the day-to-day leadership and performance of the Company, while the Chairman of the Board provides overall leadership to the Board. The Chairman also works with the Chief Executive Officer to prepare Board meeting agendas and chairs meetings of the Board. The leadership structure allows the Chief Executive Officer to focus on his operational responsibilities, while keeping a measure of independence between the oversight function of our Board and those operating decisions. The Board believes that this leadership structure provides an appropriate allocation of roles and responsibilities at this time.

Board Independence

The Board has determined that Ms. Chau and Messrs. Donatiello, Hall, Jasper, Robertson, Siboni and Dr. Tevanian do not have any material relationship with the Company and are independent within the meaning of the standards established by the NYSE. In making that determination, the Board considered all relevant facts and circumstances, including the director s commercial, accounting, legal, banking, consulting, charitable and familial relationships.

With respect to Mr. Robertson, the Board specifically considered the following:

- Mr. Robertson is a co-founder and general partner of Francisco Partners (Francisco). In December 2010, an affiliate of Francisco acquired the Grass Valley Broadcast business of the Grass Valley Group (Grass Valley) from Technicolor S.A. Dolby licenses technologies to a Grass Valley subsidiary that was acquired by Francisco. The Board has concluded that our relationship with the subsidiary acquired by Francisco was not a material relationship that would impede the exercise of independent judgment by Mr. Robertson.

With respect to Mr. Jasper, the Board specifically considered the following:

- Mr. Jasper retired as President and Chief Executive Officer of the Company in March 2009 and has not held a management position with the Company for more than three years.

Policy for Director Recommendations

It is the policy of the Nominating and Governance Committee to consider recommendations for candidates to the Board from stockholders holding at least 250,000 shares of the Company s Common Stock continuously for at least 12 months prior to the date of the submission of the recommendation.

Table of Contents

A stockholder that wants to recommend a candidate for election to the Board should send the recommendation by letter to Dolby Laboratories, Inc., 100 Potrero Avenue, San Francisco, CA 94103-4813, Attn: General Counsel. The recommendation must include the candidate s name, home and business contact information, detailed biographical data, relevant qualifications, a signed letter from the candidate confirming willingness to serve, information regarding any relationships between the candidate and the Company and evidence of the recommending stockholder s ownership of Company stock. Such recommendations must also include a statement from the recommending stockholder in support of the candidate, particularly within the context of the criteria for Board membership, addressing issues of character, integrity, judgment, diversity of experience, diversity of perspective, independence, area of expertise, corporate experience, length of service, potential conflicts of interest, other commitments and the like and personal references.

The committee will use the following procedures to identify and evaluate any individual recommended or offered for nomination to the Board:

- The committee will consider candidates recommended by stockholders in the same manner as candidates recommended to the committee from other sources;

- In its evaluation of director candidates, including the members of the Board eligible for re-election, the committee will consider the following:

    - The current size and composition of the Board and the needs of the Board and the respective committees of the Board;

    - Without assigning any particular weighting or priority to any of these factors, such factors as character, integrity, judgment, diversity of experience, diversity of perspective, independence, area of expertise, corporate experience, length of service, potential conflicts of interest, other commitments and the like; and

    - Other factors that the committee may consider appropriate;

- The committee requires the following minimum qualifications, which are the desired qualifications and characteristics for Board membership, to be satisfied by any nominee for a position on the Board:

    - The highest personal and professional ethics and integrity;

    - Proven achievement and competence in the nominee s field and the ability to exercise sound business judgment;

    - Skills that are complementary to those of the existing Board;

    - The ability to assist and support management and make significant contributions to the Company s success; and

    - An understanding of the fiduciary responsibilities that are required of a member of the Board and the commitment of time and energy necessary to diligently carry out those responsibilities;

If the committee determines that an additional or replacement director is required, the committee may take such measures that it considers appropriate in connection with its evaluation of a director candidate, including candidate interviews, inquiry of the person or persons making the recommendation or nomination, engagement of an outside search firm to gather additional information, or reliance on the knowledge of the members of the committee, the Board or management; and

The committee may propose to the Board a candidate recommended or offered for nomination by a stockholder as a nominee for election to the Board.

The Company does not maintain a separate policy regarding the diversity of the Board, but during the director nomination process the Nominating and Governance Committee considers diversity of experience and diversity of perspective.

Table of Contents

For stockholders who wish to nominate a candidate for election to the Board (as opposed to only recommending a candidate for consideration by the Nominating and Governance Committee as described above), see the procedures discussed in Questions and Answers About the Proxy Materials and the Annual Meeting What is the deadline for stockholder proposals for the 2014 Annual Meeting? Advance Notice of Director Nominations.

Policies and Procedures for Communications to Non-Management or Independent Directors

In cases where stockholders or interested parties wish to communicate directly with our non-management or independent directors, messages can be sent to our General Counsel, at generalcounsel@dolby.com, or to Dolby Laboratories, Inc., 100 Potrero Avenue, San Francisco, CA 94103-4813, Attn: General Counsel. Our General Counsel monitors these communications and will provide a summary of all received messages to the Board at each regularly scheduled meeting of the Board, or if appropriate, solely to the non-management or independent directors at each regularly scheduled executive session of non-management or independent directors. Where the nature of a communication warrants, our General Counsel may obtain the more immediate attention of the appropriate committee of the Board, non-management or independent directors, of independent advisors or of Company management, as our General Counsel considers appropriate. Our General Counsel may decide in the exercise of his judgment whether a response to any stockholder or interested party communication is necessary.

These procedures do not apply to communications to non-management or independent directors from officers or directors of the Company who are stockholders or interested parties, or to stockholder proposals submitted pursuant to Rule 14a-8 under the Exchange Act.

Attendance at Annual Meeting of Stockholders

We encourage our directors to attend our Annual Meetings of Stockholders. Eight of the nine members of the Board attended the 2012 Annual Meeting of Stockholders.

Code of Business Conduct and Ethics

The Board has adopted a Code of Business Conduct and Ethics, which is applicable to all of our directors and our employees, including our principal executive officer, principal financial officer, principal accounting officer or controller and persons performing similar functions. The Code of Business Conduct and Ethics is available on the Company s website at http://www.dolby.com About Us Investors Corporate Governanc The Company will post on the Investor Relations section of our website any amendments or waivers to the Code of Business Conduct and Ethics that are required to be disclosed by the rules of the SEC or NYSE.

Corporate Governance Guidelines

The Board has adopted Corporate Governance Guidelines that address the role and composition of, and policies applicable to, the Board. The Nominating and Governance Committee will periodically review the guidelines and report any recommendations to the Board. The Corporate Governance Guidelines are available on the Company s website at http://www.dolby.com About Us Investors Corporate Governance.

Equity-Based Award Grant and Vesting Policy

The Compensation Committee has adopted the Equity Policy, which is described in Compensation Discussion and Analysis Elements of Executive Compensation Long-Term Incentive Compensation Equity-Based Award Grant and Vesting Policy.

Table of Contents

Compensation Committee Interlocks and Insider Participation

The current members of the Compensation Committee are Nicholas Donatiello, Jr., Ted W. Hall, Roger Siboni and Avadis Tevanian, Jr. None of our executive officers has served as a member of the board of directors or compensation committee (or other committee serving an equivalent function) of any entity that has one or more executive officers serving as a member of our Board or Compensation Committee.

Whistleblower Policy

The Audit Committee has established a telephone and internet whistleblower hotline available to employees of the Company for the anonymous submission of suspected violations, including accounting, internal controls, or auditing matters, harassment, fraud and policy violations.

Related Person Transaction Policy

The Company has adopted a Related Person Transaction Policy. See Certain Relationships and Related Transactions Review, Approval or Ratification of Related Person Transactions.

Exchange Act Rule 10b5-1 Trading Plans

As of November 23, 2012, seven of our executive officers and directors had Exchange Act Rule 10b5-1 trading plans. The plans extend through various dates, the latest of which is July 5, 2013, and were adopted during open windows as permitted by the Company s insider trading policy. As of November 23, 2012, a remaining total of approximately 286,760 shares could be sold under these executive officers and directors trading plans. In addition, (i) Ray and Dagmar Dolby, as Trustees of the Ray Dolby Trust under the Dolby Family Trust Instrument dated May 7, 1999, (ii) Ray and Dagmar Dolby, as Trustees of the Ray Dolby 2002 Trust A dated April 19, 2002, (iii) Ray and Dagmar Dolby, as Trustees of the Ray Dolby 2002 Trust B dated April 19, 2002, (iv) Ray and Dagmar Dolby, as Trustees of the Ray Dolby 2011 Trust A dated December 14, 2011, and (v) Ray and Dagmar Dolby, as Trustees of the Ray Dolby 2011 Trust B dated December 14, 2011 adopted 10b5-1 trading plans which, as of November 23, 2012, had a remaining total of 5,383,052 shares which could be sold and which extend through August 7, 2013.

Executive officers and directors may amend or enter into new trading plans during open windows in the future assuming that they are not aware of any material non-public information concerning the Company at the time. Trades pursuant to amendments and new trading plans may not be made until the date of the opening of the next quarterly trading window following the date of such amendment or trading plan. Sale transactions by our executive officers and directors under trading plans will be disclosed publicly through filings with the SEC as required. Trading plan terms do not generally restrict executive officers or directors from making trades outside of the trading plans; provided that any such trades occur during open windows and are otherwise subject to the Company s insider trading policy requirements.

The Company does not undertake any obligation to report Rule 10b5-1 trading plans that may be adopted by any of its officers and directors in the future, or to report any modifications or terminations of any publicly announced plan, except to the extent required by law.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information, as of November 23, 2012, as to shares of Common Stock beneficially owned by: (i) each person who is known by the Company to own beneficially more than 5% of either our Class A Common Stock or Class B Common Stock, (ii) our Director Emeritus and Founder, each of our directors and our director nominee, (iii) each of our executive officers named in the Fiscal 2012 Summary Compensation Table under Executive Compensation and Related Matters (the Named Executive Officers) and (iv) all of our directors, director nominee and executive officers as a group. The information provided in the table is based on our records, information filed with the SEC and information furnished by the respective individuals or entities, as the case may be.

Applicable percentage ownership is based on 45,630,160 shares of Class A Common Stock and 56,592,841 shares of Class B Common Stock outstanding as of November 23, 2012. In computing the number of shares of Common Stock beneficially owned by a person and the percentage ownership of that person, we deemed outstanding (i) shares of Common Stock subject to stock options held by that person that were currently exercisable or exercisable within 60 days of November 23, 2012 and (ii) shares of Common Stock subject to restricted stock unit awards held by that person that vest within 60 days of November 23, 2012. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person.

Unless otherwise indicated below, the address of each beneficial owner listed on the table is c/o Dolby Laboratories, Inc., 100 Potrero Avenue, San Francisco, CA 94103-4813.

We have determined beneficial ownership in accordance with the rules of the SEC. Except as indicated by the footnotes below, we believe, based on the information available or furnished to us, that the persons and entities named in the table below have sole voting and investment power with respect to all shares of Common Stock that they beneficially own, subject to applicable community property laws.

	Shares Beneficially Owned				
	Class A Common Stock		Class B Common Stock		
Name of Beneficial Owner	**Shares**	**%**	**Shares**	**%**	**% Total Voting Power[1]**
5% Stockholders:					
Ray Dolby Trust[2]			43,214,722	76.4	70.7
Ray Dolby 2002 Trust A dated April 19, 2002[3]			1,410,165	2.5	2.3
Ray Dolby 2002 Trust B dated April 19, 2002[4]			1,810,165	3.2	3.0
Ray Dolby 2011 Trust A dated December 14, 2011[5]			4,999,000	8.8	8.2
Ray Dolby 2011 Trust B dated December 14, 2011[6]			4,999,000	8.8	8.2
Dagmar Dolby[7]			56,433,052	99.7	92.3
Thomas Dolby[8]			6,409,165	11.3	10.5
Capital World Investors[9]	5,851,621	12.8			*
Clearbridge Advisors, LLC[10]	5,222,646	11.4			*
BlackRock, Inc.[11]	2,287,204	5.0			*
Director Emeritus and Founder, Directors, Director Nominee and Executive Officers:					
Ray Dolby[12]	100	*	56,433,052	99.7	92.3
Kevin Yeaman[13]	266,722	*			*
Lewis Chew					
Ramzi Haidamus[14]	50,114	*			*
Michael Rockwell[15]	62,075	*			*
Michael Bergeron	556	*			*
Murray Demo[16]					
Micheline Chau					
David Dolby[17]	9,721	*	6,809,165	12.0	11.1
Nicholas Donatiello, Jr.[18]	14,650	*			*
Peter Gotcher[19]	81,597	*			*
Ted W. Hall[20]	28,304	*			*
Bill Jasper[21]	100,000	*	10,000	*	*
Sanford Robertson[22]	35,805	*			*

Roger Siboni[23]	22,500	*	20,000	*	*
Avadis Tevanian, Jr.[24]	16,651	*			*
All executive officers, director emeritus, directors and director nominee as a group (17 persons)[25]	720,958	1.6	56,463,052	99.7	92.3

21

* Less than one percent.

(1) Percentage total voting power represents voting power with respect to all shares of our Class A Common Stock and Class B Common Stock, as a single class. Each holder of Class B Common Stock is entitled to ten votes per share of Class B Common Stock and each holder of Class A Common Stock is entitled to one vote per share of Class A Common Stock on all matters submitted to our stockholders for a vote. The Class A Common Stock and Class B Common Stock vote together as a single class on all matters submitted to a vote of our stockholders, except as may otherwise be required by law. The Class B Common Stock is convertible at any time by the holder into shares of Class A Common Stock on a one-for-one share basis.

(2) Includes 43,214,722 shares of Class B Common Stock held of record by the Ray Dolby Trust under the Dolby Family Trust Instrument dated May 7, 1999 (the Ray Dolby Trust). Ray Dolby and Dagmar Dolby are Co-Trustees under the Ray Dolby Trust, and their son David E. Dolby is a Special Co-Trustee of the Ray Dolby Trust. Ray Dolby and Dagmar Dolby have shared dispositive power as to the shares held by the Ray Dolby Trust, and Ray Dolby, Dagmar Dolby and David E. Dolby have shared voting power over the shares held by the Ray Dolby Trust, with voting decisions requiring a majority vote of the three Co-Trustees. Ray Dolby and Dagmar Dolby disclaim beneficial ownership of these securities except to the extent of their respective pecuniary interests therein.

(3) Includes 1,410,165 shares of Class B Common Stock held of record by the Ray Dolby 2002 Trust A dated April 19, 2002 (the Ray Dolby 2002 Trust A). Ray Dolby and Dagmar Dolby are Co-Trustees under the Ray Dolby 2002 Trust A. Ray Dolby and Dagmar Dolby have shared dispositive power as to the shares held by the Ray Dolby 2002 Trust A, and Thomas E. Dolby has sole power to direct the voting of the shares as Special Trustee of the Ray Dolby 2002 Trust A. Ray Dolby, Dagmar Dolby and Thomas E. Dolby disclaim their respective beneficial ownership of these securities except to the extent of their respective pecuniary interests therein.

(4) Includes 1,810,165 shares of Class B Common Stock held of record by the Ray Dolby 2002 Trust B dated April 19, 2002 (the Ray Dolby 2002 Trust B). Ray Dolby and Dagmar Dolby are Co-Trustees under the Ray Dolby 2002 Trust B. Ray Dolby and Dagmar Dolby have shared dispositive power as to the shares held by the Ray Dolby 2002 Trust B, and David E. Dolby has sole power to direct the voting of the shares as Special Trustee of the Ray Dolby 2002 Trust B. Ray Dolby, Dagmar Dolby and David E. Dolby disclaim beneficial ownership of these securities except to the extent of their respective pecuniary interests therein.

(5) Includes 4,999,000 shares of Class B Common Stock held of record by the Ray Dolby 2011 Trust A dated December 14, 2011 (the Ray Dolby 2011 Trust A). Ray Dolby and Dagmar Dolby are Co-Trustees under the Ray Dolby 2011 Trust A. Ray Dolby and Dagmar Dolby have shared dispositive power as to the shares held by the Ray Dolby 2011 Trust A, and Thomas E. Dolby has sole power to direct the voting of the shares as Special Trustee of the Ray Dolby 2011 Trust A. Ray Dolby, Dagmar Dolby and Thomas E. Dolby disclaim beneficial ownership of these securities except to the extent of their respective pecuniary interests therein.

(6) Includes 4,999,000 shares of Class B Common Stock held of record by the Ray Dolby 2011 Trust B dated December 14, 2011 (the Ray Dolby 2011 Trust B). Ray Dolby and Dagmar Dolby are Co-Trustees under the Ray Dolby 2011 Trust B. Ray Dagmar and Dagmar Dolby have shared dispositive power as to the shares held by the Ray Dolby 2011 Trust B, and David E. Dolby has sole power to direct the voting of the shares as Special Trustee of the Ray Dolby 2011 Trust B. Ray Dolby, Dagmar Dolby and David E. Dolby disclaim beneficial ownership of these securities except to the extent of their respective pecuniary interests therein.

(7) Includes the shares referenced in Notes (2) through (6). Ray Dolby and Dagmar Dolby are Co-Trustees under each of the five trusts, and their son David E. Dolby is a Special Co-Trustee of the Ray Dolby Trust. Ray Dolby and Dagmar Dolby have shared dispositive power as to the shares held by the Ray Dolby Trust, the Ray Dolby 2002 Trust A, the Ray Dolby 2002 Trust B, the Ray Dolby 2011 Trust A and the Ray Dolby 2011 Trust B. Ray Dolby, Dagmar Dolby and David E. Dolby have shared voting power over the shares held by the Ray Dolby Trust, with voting decisions requiring a majority vote of the three Co-Trustees. Thomas E. Dolby, son of Ray and Dagmar Dolby, has sole power to direct the voting of the shares as Special Trustee of the Ray Dolby 2002 Trust A and the Ray Dolby 2011 Trust A. David E. Dolby has sole power to direct the voting of the shares as Special Trustee of the Ray Dolby 2002 Trust B and the Ray Dolby 2011 Trust B. Dagmar Dolby disclaims beneficial ownership of these securities except to the extent of her pecuniary interest therein.

(8) Includes the shares referenced in Notes (3) and (5). Ray Dolby and Dagmar Dolby are Co-Trustees and have shared dispositive power under the Ray Dolby 2002 Trust A and the Ray Dolby 2011 Trust A. Thomas E. Dolby has sole power to direct the voting of the shares as Special Trustee of the Ray Dolby 2002 Trust A and the Ray Dolby 2011 Trust A. Thomas Dolby disclaims beneficial ownership of these securities except to the extent of his pecuniary interest therein.

(9) Based on a Schedule 13G/A filed with the SEC on February 10, 2012, wherein Capital World Investors (Capital) reported beneficial ownership of 5,851,621 shares of Class A Common Stock. Capital reported sole voting and dispositive power as to all of the shares. Capital disclaims beneficial ownership of these securities pursuant to Rule 13d-4 of the Exchange Act. The address for Capital is 333 South Hope Street, Los Angeles, California 90071.

(10) Based on a Schedule 13G/A filed with the SEC on September 7, 2012, wherein Clearbridge Advisors, LLC (Clearbridge) reported beneficial ownership of 5,222,646 shares of Class A Common Stock. Clearbridge reported sole dispositive power as to all of the shares and sole voting power as to 5,001,121 of the shares. The address for Clearbridge is 620 8th Avenue, New York, New York 10018.

(11) Based on a Schedule 13G/A filed with the SEC on November 9, 2012, wherein BlackRock, Inc. (BlackRock) reported beneficial ownership of 2,287,204 shares of Class A Common Stock. BlackRock reported sole voting and dispositive power as to all of the shares. The address for BlackRock is 40 East 52nd Street, New York, New York 10022.

(12)

Includes the shares referenced in Notes (2) through (6). Ray Dolby and Dagmar Dolby are Co-Trustees under each of the five trusts, and David E. Dolby is a Special Co-Trustee of the Ray Dolby Trust. Ray Dolby and Dagmar Dolby have shared dispositive power as to the shares held by the Ray Dolby Trust, the Ray Dolby 2002 Trust A, the Ray Dolby 2002

22

Table of Contents

Trust B, the Ray Dolby 2011 Trust A and the Ray Dolby 2011 Trust B. Ray Dolby, Dagmar Dolby and David E. Dolby have shared voting power over the shares held by the Ray Dolby Trust, with voting decisions requiring a majority vote of the three Co-Trustees. Thomas E. Dolby, son of Ray and Dagmar Dolby, has sole power to direct the voting of the shares as Special Trustee of the Ray Dolby 2002 Trust A and the Ray Dolby 2011 Trust A. David E. Dolby has sole power to direct the voting of the shares as Special Trustee of the Ray Dolby 2002 Trust B and the Ray Dolby 2011 Trust B. Ray Dolby disclaims beneficial ownership of these securities except to the extent of his pecuniary interest therein.

(13) Shares held in the name of Kevin and Rachel Yeaman, Trustees of the Yeaman Family Trust dated May 14, 2009 (the Yeaman Trust). Includes stock options held in the name of the Yeaman Trust to purchase 225,335 shares of Class A Common Stock that are exercisable within 60 days of November 23, 2012. Includes 20,325 shares of Class A Common Stock subject to restricted stock unit awards that vest within 60 days of November 23, 2012.

(14) Includes stock options held by Mr. Haidamus to purchase 39,389 shares of Class A Common Stock that are exercisable within 60 days of November 23, 2012. Includes 10,725 shares of Class A Common Stock subject to restricted stock unit awards that vest within 60 days of November 23, 2012.

(15) Includes stock options held by Mr. Rockwell to purchase 51,518 shares of Class A Common Stock that are exercisable within 60 days of November 23, 2012. Includes 10,400 shares of Class A Common Stock subject to restricted stock unit awards that vest within 60 days of November 23, 2012.

(16) Mr. Demo retired as our Executive Vice President and Chief Financial Officer effective June 3, 2012.

(17) Includes (i) stock options held by David Dolby to purchase 2,701 shares of Class A Common Stock that are exercisable within 60 days of November 23, 2012, (ii) 43 shares of Class A Common Stock subject to restricted stock unit awards that vest within 60 days of November 23, 2012, and (iii) the shares referenced in Notes (4) and (6). Ray Dolby and Dagmar Dolby are Co-Trustees and have shared dispositive power under the Ray Dolby 2002 Trust B and the Ray Dolby 2011 Trust B. David E. Dolby has sole power to direct the voting of the shares as Special Trustee of the Ray Dolby 2002 Trust B and the Ray Dolby 2011 Trust B. David Dolby disclaims beneficial ownership of the securities referenced in clause (iii) except to the extent of his pecuniary interest therein.

(18) Shares held in the name of Nicholas Donatiello, Jr., Trustee of the Nicholas Donatiello, Jr. Trust u/a/d April 22, 2011.

(19) Includes stock options held by Mr. Gotcher to purchase 51,594 shares of Class A Common Stock that are exercisable within 60 days of November 23, 2012.

(20) Includes stock options held in the name of Ted W. Hall as Trustee of the Hall 2006 Trust to purchase 5,000 shares of Class A Common Stock that are exercisable within 60 days of November 23, 2012.

(21) Includes stock options held by Mr. Jasper to purchase 75,000 shares of Class A Common Stock that are exercisable within 60 days of November 23, 2012.

(22) Includes stock options held by Mr. Robertson to purchase 22,501 shares of Class A Common Stock that are exercisable within 60 days of November 23, 2012.

(23) Includes stock options held by Mr. Siboni to purchase 22,500 shares of Class A Common Stock and 20,000 shares of Class B Common Stock that are exercisable within 60 days of November 23, 2012.

(24) Shares held in the name of Avadis Tevanian, Jr. and Nancy Tevanian Trust u/a/d 5/29/96.

(25) Includes (i) stock options held by all executive officers and directors to purchase an aggregate of 518,451 shares of Class A Common Stock and 20,000 shares of Class B Common Stock that are exercisable within 60 days of November 23, 2012 and (ii) 50,743 shares of Class A Common Stock subject to restricted stock unit awards held by all executive officers and directors that vest within 60 days of November 23, 2012.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Review, Approval or Ratification of Related Person Transactions

The Board has adopted a written Related Person Transactions Policy. Pursuant to this policy, any related person transaction proposed or entered into by the Company must be reviewed, approved or ratified by the Audit Committee in accordance with the terms of the policy. A related person transaction, is a transaction between the Company and a related person in which the aggregate amount involved exceeds or may be expected to exceed $120,000 and in which a related person has or will have a direct or indirect material interest. For purposes of the policy, a related person is any person who is or was an executive officer, director or nominee for director at any time since the beginning of the last fiscal year and their immediate family members, or a greater than 5% beneficial owner of any class of the Company s voting securities at the time of the occurrence or existence of the transaction and their immediate family members.

Any related person transaction proposed or entered into by the Company that does not fall into a specified exclusion under the policy must be reported to the Company s General Counsel, and the Audit Committee will review, approve or ratify such transactions in accordance with the terms of the policy. In the course of its review and approval or ratification of a related person transaction, the Audit Committee considers:

The approximate dollar value of the amount involved in the transaction;

The related person s interest in the transaction and the approximate dollar value of such interest without regard to any profit or loss;

Whether the transaction was undertaken in the ordinary course of business of the Company;

Whether the transaction with the related person is proposed to be, or was, entered into on terms no less favorable to the Company than terms that could have been reached with an unrelated third party;

The purpose of, and the potential benefits to the Company of, the transaction; and

Any other information regarding the transaction or the related person in the context of the transaction that would be material to investors in light of the circumstances of the particular transaction.

In addition, the following, to the extent that they may constitute related person transactions, shall be deemed to be pre-approved or ratified (as applicable) under the terms of the policy:

The agreements, arrangements and other permitted uses, rights and activities allowed pursuant to the terms of the At-Will Employment, Proprietary Rights, Non-Disclosure and No Conflicts-of-Interest Agreement between Ray Dolby and the Company, dated November 19, 2004; and

The use of certain theatres of the Company by Ray Dolby and/or his related persons.

Since October 1, 2011, we have not been a party to, and we have no plans to be a party to, any related party transactions, other than in connection with the transactions described below.

Employee Proprietary Rights Agreement with Ray Dolby

While an employee of the Company, Ray Dolby entered into an employee proprietary rights agreement which became effective on February 16, 2005. Under the terms of Ray Dolby s employee proprietary rights agreement, all future inventions created by Ray Dolby related to our business while he was an employee or after the termination of his employment that includes or uses the Company s trade secrets or confidential information will be assigned to the Company. Under this agreement, Ray Dolby also agreed to abide by a conflicts of interest policy substantially in the form that all other employees are required to sign. However, the conflicts of interest policy that Ray Dolby signed differs from our standard policy in that, among other matters, it permits him to use our equipment, supplies and facilities to conduct research and development on matters unrelated to our business; does not apply to any lease agreement we have entered into or may enter into with him; and permits him to have up to a ten percent interest, instead of up to a two percent interest, in a competitor, customer, licensee or supplier without being in violation of the policy and limits the provision of the policy related to having interests in these entities only to direct interests. Ray Dolby retired as an employee of the Company during fiscal 2009, but the terms of the agreement continue to apply.

Ray Dolby retired from the Board in fiscal 2011 and was appointed Founder and Director Emeritus. In this uncompensated position, Ray Dolby is entitled to attend meetings of the Board and its committees as an observer and to receive copies of the related meeting materials, but he does not have Board voting rights.

Real Estate Transactions

Lease for 100 Potrero Avenue

Since 1980, we have leased our principal executive offices located at 100 Potrero Avenue, San Francisco, California from Ray Dolby. We also lease additional parking and warehouse space from Ray Dolby in connection with our lease of 100 Potrero Avenue. In December 2005, we renegotiated the leases and extended their terms until December 31, 2013, with the option to renew the leases for two additional five year terms at a rate equal to the rent that the landlord could obtain for the option term from a third party desiring to lease the premises for the option term, as determined by the landlord and agreed to by us. Our rent expense for these facilities was $1.1 million in fiscal 2012 and the estimated rent expense over the remaining life of the leases for these facilities is $12.5 million (assuming that we exercise our option to renew the leases for two additional five year terms beyond their December 31, 2013 expiration and assuming a rate equal to the current rent). We are generally responsible for the condition, operation, repair, maintenance, security and management of the properties. We have also agreed to indemnify and hold Ray Dolby, as landlord, harmless from and against certain liabilities, damages, claims, costs, penalties and expenses arising from our conduct related to the properties.

Jointly Owned Real Estate Entities

As of December 13, 2012, the Ray Dolby Trust, the Dolby Family Trust Instrument dated May 7, 1999 (Dolby Family Trust) or Dolby Wootton Bassett, LLC (DWB), of which Ray Dolby and Dagmar Dolby as Trustees of the Dolby Family Trust are collectively the sole member, owns a majority financial interest in five real estate entities that own and lease commercial real property to us. We own the remaining financial interests in these real estate entities. The following table sets forth, as of December 13, 2012, for each of the five real estate entities, the person or entity that owns the majority financial interest in the real estate entity, the percentage interest owned by the majority owner in such real estate entity and the location of the property subject to the applicable lease. The leased property in San Francisco, California includes our principal administrative offices at 999 Brannan Street.

Real Estate Entity	Majority Owner	Majority Ownership Interest	Location of Property Leased to Us
Dolby Properties, LLC	Ray Dolby Trust	62.5%	San Francisco, California
Dolby Properties Burbank, LLC	Dolby Family Trust	51.0%	Burbank, California
Dolby Properties Brisbane, LLC	Dolby Family Trust	51.0%	Brisbane, California
Dolby Properties UK, LLC	Dolby Family Trust	51.0%	Wootton Bassett, England
Dolby Properties, LP	DWB	90.0%	Wootton Bassett, England

Our expense recorded for rents payable to such entities was $4.8 million in fiscal 2012 and the estimated rent expense over the remaining life of the various leases for these facilities is $6.9 million.

When we negotiate a lease agreement with Ray Dolby or any of the jointly owned real estate entities, we engage real estate brokers to provide fair market rent and lease terms based on a summary of comparable properties located in the area of the subject property. The brokers are instructed that the transaction is intended to be completed on an arm s-length basis. We believe that all of our leases were entered into on a reasonable fair market basis.

Other Arrangements with Ray Dolby

In the past, we have allowed Ray Dolby and members of his family to use our office facilities for their personal purposes on a limited basis, and we expect this use to continue in the future. For example, Ray Dolby currently uses one office in one of our facilities for non-Company related activities. In addition, members of Ray Dolby s family are allowed to use our conference and screening rooms for personal purposes up to ten times per year. We estimate that the incremental cost to the Company of such personal use by Ray Dolby s family was less than $15,000 in fiscal 2012. In addition, in fiscal 2012 we paid Ray Dolby $1,200 per month for the use by our employees of a condominium he owns in Alpine Meadows, California. Our Board has approved of these arrangements, and has approved the continuation of these arrangements in the future.

Table of Contents

COMPENSATION DISCUSSION AND ANALYSIS

The discussion below is intended to:

- Assist you in evaluating the detailed information regarding the compensation of our Named Executive Officers (which we define below) provided in the section of this Proxy Statement entitled Executive Compensation and Related Matters;
- Explain our executive compensation program and philosophy; and
- Review how the Compensation Committee of the Board of Directors (for purposes of this section, the Committee) made its decisions regarding executive compensation for fiscal 2012.

Following the Report of the Compensation Committee of the Board of Directors, you will find a series of tables containing specific information about the compensation awarded, earned or paid in fiscal 2012 to our Named Executive Officers.

Background Named Executive Officers

Throughout this Proxy Statement, we frequently refer to our Named Executive Officers. These are the individuals whose compensation is set forth in the Summary Compensation Table and the tables that follow. For fiscal 2012, our Named Executive Officers were:

- Kevin Yeaman, our President and Chief Executive Officer;
- Murray Demo, our former Executive Vice President and Chief Financial Officer;
- Lewis Chew, our current Executive Vice President and Chief Financial Officer;
- Ramzi Haidamus, our Executive Vice President, Marketing and Business Development;
- Michael Rockwell, our Executive Vice President, Advanced Technology Group; and
- Michael Bergeron, our Senior Vice President, Worldwide Sales and Field Operations.

In November 2011, Mr. Demo announced his retirement as our Executive Vice President and Chief Financial Officer, which became effective on June 3, 2012. In March 2012, the Board of Directors appointed Mr. Chew as our Executive Vice President and Chief Financial Officer, effective June 4, 2012. From March 27 until he assumed the responsibilities of Executive Vice President and Chief Financial Officer, Mr. Chew was employed by us in a part-time, non-executive capacity, during which time he received a pro-rated portion of his fiscal 2012 base salary commensurate with his part-time schedule

Effective August 20, 2012, Mr. Haidamus, then serving as our Executive Vice President, Sales and Marketing, assumed the role of Executive Vice President, Marketing and Business Development, and Mr. Rockwell, then serving as our Executive Vice President, Products and Technologies, assumed the role of Executive Vice President, Advanced Technology Group. In addition, effective August 20, 2012, Mr. Bergeron, who had been hired as our Senior Vice President, Worldwide Sales and Field Operations in April 2012, was designated as an executive officer of the Company.

In connection with these senior management changes, the Committee made a number of compensation-related decisions in addition to fulfilling its customary duties in overseeing our executive compensation program, as described below.

Executive Summary

Our Business

We are a global leader in innovative technologies used by the entertainment industry. Specifically,

We develop and market products and services that enable content creators, including movie and television studios, to encode their content in our technologies;

Table of Contents

- We develop and market products, tools, and technologies for content distributors and aggregators, such as cable, satellite and IP TV providers, as well as online video services, to distribute content encoded in our technologies; and

- We develop, market, and license audio technologies to the manufacturers of consumer electronics devices that play back entertainment content, such as TVs, tablets, smartphones, PCs, and DVD players, to ensure that content is ultimately experienced as the creator and distributor intended.

In addition, increasingly, we have expanded our research and development efforts into new technologies, allowing us to enter into the markets for imaging and voice communications products and services.

We generate revenue by licensing our technologies to original equipment manufacturers of consumer entertainment products and software vendors in 44 countries. We also generate revenue by selling products and related services to creators and distributors of entertainment content. Our licensees distribute products incorporating our technologies throughout the world. Additionally, we sell our products and provide services in over 80 countries.

Today, we derive the majority of our revenue from the licensing of our audio entertainment technologies. Licensing revenue represented 77%, 83%, and 86% of our total revenue in fiscal 2010, 2011, and 2012, respectively.

For more information about our business, see Management s Discussion and Analysis of Financial Condition and Results of Operations in our 2012 Annual Report.

Our Multi-Year Business Strategy

Many of the industry sectors in which we operate are highly competitive and characterized by frequent and sweeping technological advances, rapidly changing market requirements, shortening product life cycles, and the constant emergence of new market participants. Consequently, our ability to compete successfully in these sectors depends on our ability to develop, market, and license innovative products and services that are responsive to these ever-evolving dynamics.

In recent years, technological advances have reshaped the production and distribution of entertainment content. At the same time, the rapid and widespread growth in the number and types of devices for content playback has dramatically altered consumer use patterns. Fueled by the increased capacity of broadband and mobile networks, and the growing variety and capabilities of internet-connected devices, there has been a dramatic rise in online content consumption, forcing market participants to recognize and respond to changes in consumer behavior.

As entertainment and information distribution and delivery systems began to emerge to fulfill consumers appetite to enjoy the expanded array of content on their increasing collection of devices, it became imperative that we evolve our products and services to meet the needs of these new distribution channels. We also recognized the benefits of forming strategic relationships with the major participants in these distribution channels, many of which were new market entrants. Consequently, in addition to maintaining consistently strong financial performance, the Board of Directors tasked our senior management with formulating a strategy for responding to these developments to ensure our long-term success.

In response, our senior management, under the leadership of our Chief Executive Officer, embarked on a series of multi-year strategic initiatives to refocus our product development and marketing activities, diversify our revenue streams, and ensure our future growth by partnering with leading companies in the entertainment content creation and distribution industries. Broadly speaking, these initiatives, which began in fiscal 2009, have largely focused on four objectives:

- Establishing our technologies as the global standard for delivery of high-quality content in digital form over broadcast networks;

Table of Contents

Initiating the inclusion of our technologies in mobile devices that play back content, such as tablets and smartphones;

Establishing our technologies as standards for delivery of high-quality entertainment content over the internet and mobile networks, including forming relationships with key digital entertainment content distributors and aggregators, such as Amazon.com, Inc. and Netflix, Inc.; and

Identifying and investing in new growth areas and diversifying our revenue mix.

Consistent with these initiatives, we have invested significant resources to take advantage of the ongoing transition to digital television. Our technologies have been incorporated into the national standards for digital television in most of the significant countries or regions in the world that have established such standards. As a result, the percentage of televisions sold globally that include our technologies has grown from approximately 26% in fiscal 2008 to approximately 65% in fiscal 2012. At the same time, we have entered into strategic relationships with numerous cable, satellite and IP TV providers worldwide, resulting in an increase in the inclusion of our technologies in all set-top boxes sold worldwide from approximately 32% in fiscal 2008 to approximately 48% in fiscal 2012.

The introduction and rapid growth of increasingly powerful portable consumer electronic devices capable of playing back high-quality content, such as smartphones and tablets, has also created a significant opportunity for us. In recent years, we have focused significant resources on our strategy to evolve our products and services to enhance the audio experience on these devices. As a result, we have been able to make significant progress in penetrating this very large and rapidly-growing market. From only a few devices in fiscal 2010, our technologies were embedded in approximately 15% of all smartphones and tablets sold worldwide during fiscal 2012.

Table of Contents

Over the past few years, we have expended significant effort in cultivating relationships with digital entertainment distributors and aggregators. As a result, we have successfully forged agreements with key online video service providers to use our technologies to enable delivery of high-quality content online, including with Netflix, Inc., Apple Inc., Amazon.com, Inc., HBO Go, and Vudu, Inc.

Historically, our licensing revenue growth has been driven by the inclusion of our audio technologies in the optical disc formats incorporated in physical media playback devices. For example, as recently as fiscal 2008, we generated approximately two-thirds of our revenue from optical disc-based platforms, and approximately one-third of our revenue from non-optical disc-based platforms.

Our successful execution of the strategic initiatives described above is reflected in our fiscal 2012 revenue mix, where approximately 57% of our licensing revenue was generated from non-optical disc sources compared to only approximately 36% in fiscal 2008.

* Our optical disc-based revenue is generated from the licensing of technologies that enable DVD or Blu-ray Disc playback, including the licensing of such technologies in the Microsoft Windows operating system, in independent PC DVD software players, and in consumer DVD and Blu-ray Disc players. However, most of these products can also receive content over mobile or online networks. Non-optical disc-based revenue is generated from the sale of technologies other than those used to enable DVD or Blu-ray Disc playback. Non-optical disc-based revenue includes licensing revenue derived from products such as TVs, set-top boxes, and mobile devices, as well as from the incorporation of our other technologies in a range of devices.

Finally, we have invested significant resources in research into and development of new technologies that are intended to enable us to support the diversification of our revenue sources and our entry into new markets; specifically, the markets for imaging and voice products and services. These investments began to bear fruit in 2011 and 2012 in the form of new products announced or introduced into the market, including our Professional Reference Monitor, glasses-free consumer Dolby 3D, and Dolby Voice.

Fiscal 2012 Business and Financial Highlights

The successes described above have been largely the result of our ability to form significant long-term relationships with, and technology solutions for, several of the leading digital entertainment distributors and aggregators, a process to which our Chief Executive Officer and other members of senior management devoted considerable attention over the past several years. During fiscal 2012, their efforts resulted in the completion of several notable transactions in support of our long-term growth initiatives, including the following:

Our entry into a relationship with Microsoft Corporation for the inclusion of our audio technologies in its cloud-based encoding and media-management platforms;

Our entry into a relationship with Microsoft Corporation for the inclusion of our audio technologies in Windows 8 tablets and personal computers;

Our entry into a relationship with Amazon.com, Inc. for the inclusion of our audio technologies in its Kindle Fire HD tablets;

Table of Contents

- Our introduction of a next generation of digital cinema audio called Dolby Atmos, which we believe has been embraced as a transformational technology by the cinema industry;

- Our entry into a strategic partnership with Royal Philips Electronics (Philips) for the commercialization of a set of glasses-free consumer 3D technologies marketed under the Dolby 3D brand; and

- Our entry into a relationship with BT Conferencing for the inclusion of our Dolby Voice technology on a trial basis in its audio conferencing solutions.

Our key financial highlights for fiscal 2012 were as follows:

- Our total revenue was $926.3 million, compared to $955.5 million in fiscal 2011;

- Our GAAP net income was $264.3 million, or $2.46 per diluted share, compared to $309.3 million, or $2.75 per diluted share, in fiscal 2011; and

- Our non-GAAP net income was $306.9 million, or $2.85 per diluted share, compared to $339.9 million, or $3.02 per diluted share, in fiscal 2011. A reconciliation of our GAAP to non-GAAP results is set forth in Appendix A to this Proxy Statement.

Thus, in fiscal 2012, our senior management was able to balance strong annual financial performance with progress in achieving our multi-year strategic initiatives, including the following:

- Continuing to transition our licensing revenue toward non-optical disc-based platforms;

- Forging new strategic relationships to assist us in capitalizing on our new technologies and capabilities, including bringing several of these technologies and capabilities to market; and

- Continuing to increase our investment in research in and development of new products and technologies.

We believe that continued progress of this type will position us to drive sustainable long-term growth into the future.

Alignment of Executive Compensation with Our Multi-Year Business Strategy

Consistent with our multi-year business strategy, the Committee has aligned the incentive compensation opportunities of our executive officers to their successful execution of the initiatives described above, thereby making their actual pay amounts almost entirely dependent on the Company s long-term performance. This philosophy is reflected in our incentive compensation programs, both annual and long-term.

Over the last three fiscal years, as illustrated in the charts* below:

- Of the target total direct compensation of our Chief Executive Officer, on average, approximately:

  - 78% consisted of long-term incentive compensation (consisting of stock options and restricted stock unit awards); and

22% consisted of annual compensation, as follows:

11% consisted of annual incentive compensation (consisting primarily of cash)

11% consisted of base salary

Of the target total direct compensation of our other Named Executive Officers who have been with the Company for the past full three fiscal years, on average, approximately:

81% consisted of long-term incentive compensation; and

Table of Contents

19% consisted of annual compensation, as follows:

8% consisted of annual incentive compensation

11% consisted of base salary

For fiscal 2012, as illustrated in the charts* below:

Of the target total direct compensation of our Chief Executive Officer, approximately:

78% consisted of long-term incentive compensation; and

22% consisted of annual compensation, as follows:

11% consisted of annual incentive compensation

11% consisted of base salary

Of the target total direct compensation of our other Named Executive Officers who have been with the Company for the past full three fiscal years, on average, approximately:

84% consisted of long-term incentive compensation; and

16% consisted of annual compensation, as follows:

7% consisted of annual incentive compensation

9% consisted of base salary

* The long-term incentive compensation percentage is based on the grant date fair value of the underlying equity awards, computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation Stock Compensation (ASC 718) and does not represent the compensation actually realized or realizable by our Named Executive Officers from such awards.

The analysis of target total direct compensation excludes the incremental fair value of any replacement restricted stock unit awards granted to our Named Executive Officers in fiscal 2012 pursuant to our stock option exchange program, which is described in Stock Option Exchange Program below.

** In certain cases, annual incentive compensation may be paid out in the form of restricted stock unit awards, as described in Elements of Executive Compensation Annual Incentive Compensation Annual Incentive Compensation Form of Payment below.

Table of Contents

Annual Incentive Compensation

Our annual incentive compensation program consists of performance-based compensation, typically paid in cash. Since fiscal 2009, the aggregate total annual incentive compensation received by our Chief Executive Officer has been equal to 111% of his aggregate total annual incentive compensation target. This compensation has been entirely contingent on the Company s year-to-year performance, which has rewarded him only to the extent that we have achieved the financial objectives established under our annual operating plan. For fiscal 2012, our Chief Executive Officer received 75% of his annual incentive compensation target, based on our actual level of achievement of our non-GAAP operating income objective for the fiscal year versus our annual operating plan.

In certain cases, annual incentive compensation may be paid out in the form of restricted stock unit awards, as described below in Elements of Executive Compensation Annual Incentive Compensation Annual Incentive Compensation Form of Payment.

Long-Term Incentive Compensation

The Committee believes that our executive officers total compensation should be tied to the Company s long-term performance. Accordingly, the largest portion of our Chief Executive Officer s total direct compensation is composed of equity awards, which derive their value based on changes in our stock price. Since assuming his current role in fiscal 2009, the Committee has granted equity awards to our Chief Executive Officer in the form of options to purchase shares of our Class A Common Stock and restricted stock unit awards for shares of our Class A Common Stock. Each year, approximately 60% of the grant date fair value of this long-term incentive compensation has taken the form of stock options, thus directly tying a significant portion of his target total direct compensation entirely to increases in the market price of our Class A Common Stock. The remaining approximately 40% of the grant date fair value of this long-term incentive compensation has taken the form of restricted stock unit awards, the value of which also depends on the market price of our Class A Common Stock.

As a result, the cumulative decline in our stock price in recent years has had a significant impact on the value of the equity awards granted to, and, correspondingly, the total compensation realizable by, our Chief Executive Officer during this period, as illustrated by the following table:

(1) The information in the Grant Date Value columns reflects the aggregate grant date fair values of stock options and restricted stock unit awards as reported in the Summary Compensation Table for the year of grant. In the case of stock options, this represents the value calculated under the Black-Scholes option valuation model and, in the case of all other awards, this represents their face value on the date of grant. For the stock options granted in 2010 and 2011 that were subsequently tendered to the Company in connection with the stock option exchange program, the grant date fair value amount represents the original option grant value. See Stock Option Exchange Program for more information on our recent stock option exchange program.

(2) The information in the Estimated Realizable/Realized Value as of 9/28/12 column reflects (i) the intrinsic value of outstanding and unvested stock options at fiscal year-end (the difference between the option exercise price and the market price of our Class A common stock on September 28, 2012, $32.75 per share), (ii) the intrinsic value of outstanding and unvested restricted stock unit awards (whether original grants or grants received in the stock option exchange program) at fiscal year-end (based on the market price of our Class A common stock on September 28, 2012), and (iii) the intrinsic value of vested restricted stock unit awards (based on the market price of our Class A common stock on an award s respective vesting date).

(3) In fiscal 2010, our Chief Executive Officer was granted an option to purchase shares of our Class A Common Stock with a grant date fair value of $2,629,031, and a restricted stock unit award with a grant date fair value of $1,535,700. On August 10, 2012, when the fair value of this stock option was $1,319,729, it was tendered back to the Company and canceled in exchange for a restricted stock unit award with a grant date fair value of 1,415,451 and a new multi-year vesting schedule, to restore the incentive objectives of the original award.

(4) In fiscal 2011, our Chief Executive Officer was granted an option to purchase shares of our Class A Common Stock with a grant date fair value of $2,636,062, and a restricted stock unit award with a grant date fair value of $1,805,673. On August 10, 2012, when the fair value of this stock option was $1,190,578, it was tendered back to the Company and canceled in exchange for a restricted stock unit award with a grant date fair value of $1,057,203 and a new multi-year vesting schedule, to restore the incentive objectives of the original award.

As reflected in the foregoing table, unless the efforts of our Chief Executive Officer translate into sustained long-term value creation, he will not be able maximize the economic benefits of these awards.

Table of Contents

Total Stockholder Return

Even with senior management focusing its attention on the execution of our multi-year business strategy, as described above, it has been able to ensure that the Company maintained steady financial results in a challenging and volatile economy. As reflected in the following table, the total return of our Class A Common Stock generally approximates the total return for the New York Stock Exchange Composite Index and the Russell 3000 Index for the five fiscal years ended September 28, 2012:

(1) The amounts presented in the table assume an investment of $100 in our Class A Common Stock at the closing market price of $34.82 per share on September 28, 2007, and in the NYSE Composite Index and the Russell 3000 Index on the same date, and the reinvestment of any dividends.

(2) The information presented in the table is not intended to forecast or be indicative of possible future performance of our Class A Common Stock. Furthermore, the table is not to be deemed filed for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities under that provision, and is not to be deemed to be incorporated by reference into any of our filings under the Securities Act of 1933 or the Exchange Act.

Based on the current design of our executive compensation program, the Committee is satisfied that our Chief Executive Officer s realizable compensation is aligned with our multi-year performance.

Fiscal 2012 Executive Compensation Highlights

At the beginning of fiscal 2012, in recognition of our strong operational performance during fiscal 2011, and to reinforce its desire that senior management continue to balance near-term financial performance with the longer-term strategic imperatives embodied in our multi-year business strategy, the Committee took the following actions with respect to the compensation of our Named Executive Officers (except for Messrs. Chew and Bergeron, who did not join us until later in the fiscal year):

Base Salary. We increased their base salaries (including the base salary of our Chief Executive Officer) by 3% for calendar year 2012, consistent with merit-based increases for our U.S. workforce (which was based on competitive merit increase survey data for technology companies).

Annual Incentive Compensation.

We approved their annual incentive compensation targets (stated as a percentage of base salary for 2012) for the same levels as in fiscal 2011 (100% for our Chief Executive Officer and 65% for our other Named Executive Officers), except for Mr. Haidamus, whose annual incentive

Table of Contents

compensation target increased from 65% to 85% from fiscal 2011 to fiscal 2012, to better align his base salary and annual incentive compensation target with competitive market practice at the time for his role as our head of sales and marketing.

In addition, following the end of fiscal 2012, in recognition of their successful achievement of several of our short-term and long-term strategic initiatives, as well as consideration of our financial performance for the fiscal year, the Committee funded the bonus pool under the Fiscal 2012 Dolby Executive Annual Incentive Plan, our annual incentive compensation plan for executives, at 75% of the target funding level and, correspondingly, approved annual incentive compensation awards for our Named Executive Officers representing 75% of their annual incentive compensation targets. In reaching this decision, the Committee determined that senior management had successfully completed the vast majority of its operational and strategic objectives for the year, but also noted that we did not achieve our target operating income objective for the year.

Long-Term Incentive Compensation. We approved equity awards for each of them, the fiscal 2012 grant date fair values of which, when compared with the grant date fair values for the corresponding fiscal 2011 equity awards for each respective Named Executive Officer, ranged from a 4% increase to a 5% decrease.

In addition, during the course of fiscal 2012, in connection with the management changes described in Background Named Executive Officers above, we:

Entered into a short-term cash incentive arrangement with Mr. Demo in connection with his resignation, in lieu of his participation in the Fiscal 2012 Dolby Executive Annual Incentive Plan;

Extended employment offer letters to Messrs. Chew and Bergeron setting forth their respective base salaries, annual incentive compensation targets and new hire equity awards; and

Granted additional stock option and restricted stock unit awards to Messrs. Haidamus and Rockwell in connection with their respective new roles with the Company.

The material terms of these arrangements are described more fully in the body of this Compensation Discussion and Analysis.

Executive Compensation Policies

In discharging its responsibilities relating to executive compensation, the Committee, with the assistance of its compensation consultant, Compensia, Inc., monitors trends and developments in compensation best practices and looks to enhance the effectiveness of our executive compensation program on an ongoing basis. As a result, our executive compensation program includes:

An annual stockholder advisory vote on the compensation of our Named Executive Officers, beginning with our 2013 Annual Meeting of Stockholders;

An effective pay-for-performance orientation, including the use of long-term incentive compensation, consisting of options to purchase shares of our Class A Common Stock and restricted stock unit awards for shares of our Class A Common Stock, which represents the largest portion of each executive officer s total compensation package;

A practice of not providing golden parachute excise tax gross-ups for our executive officers;

Double-trigger vesting acceleration arrangements in connection with a change in control of the Company (that is, accelerated vesting that is triggered only upon certain terminations of employment following a change in control of the Company) for equity awards granted to our executive officers;

A practice of only providing our executive officers with perquisites that are both customary in the industry in which we operate and in furtherance of accomplishing our business objectives;

Table of Contents

The use of extensive compensation survey data, as well as publicly-available data about the compensation practices of our peers, to inform the design of our executive compensation program; and

An annual risk assessment with respect to our compensation programs and policies, including the programs and policies for non-executive officer employees.

Consideration of Advisory Vote to Approve Named Executive Officer Compensation

At our 2011 Annual Meeting of Stockholders, we conducted, for the first time, a non-binding, advisory vote of our stockholders to approve the compensation of our Named Executive Officers (a Say-on-Pay vote). At that meeting, approximately 98% of the voting power of the shares present and entitled to vote on the proposal voted to approve the compensation of our Named Executive Officers. The Committee reviewed the favorable results of this advisory vote, noting the widespread support of our stockholders. At the 2011 Annual Meeting of Stockholders, our stockholders also approved a non-binding, advisory vote to hold future Say-on-Pay votes once every two years (a Say-When-on-Pay vote). In accordance with this Say-When-on-Pay vote, we did not hold a Say-on-Pay vote at our 2012 Annual Meeting of Stockholders. The Committee took into consideration the results of the 2011 Say-on-Pay vote in deciding to retain our overall approach to executive compensation in fiscal 2011 and fiscal 2012.

In advance of our 2013 Annual Meeting of Stockholders, the Committee directed senior management to contact several of our largest stockholders, to solicit their views on our executive compensation policies and practices. The Committee was briefed on the feedback received from these calls with our institutional stockholders. The Committee considered this feedback as well as the results of the 2011 Say-on-Pay vote in deciding to retain our overall approach to executive compensation in fiscal 2013.

The Committee will continue to carefully consider the results of our Say-on-Pay votes and feedback from our stockholders in overseeing our executive compensation program.

Overview of Executive Compensation Program

Objectives

The objectives of our executive officer compensation program are to:

Provide a competitive compensation package that enables the Company to attract, motivate, and ret