

Watts David K  
Form 4  
May 01, 2006

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
Watts David K

(Last) (First) (Middle)

C/O DOLBY LABORATORIES, INC., 100 POTRERO AVENUE

(Street)

SAN FRANCISCO, CA 94103

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
Dolby Laboratories, Inc. [DLB]

3. Date of Earliest Transaction (Month/Day/Year)  
04/28/2006

4. If Amendment, Date Original Filed (Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director  10% Owner  
 Officer (give title below)  Other (specify below)  
Sr. V.P. & Man. Dir., U.K. Br.

6. Individual or Joint/Group Filing (Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Class A Common Stock <sup>(1)</sup>	04/28/2006		C		8,150	A	\$ 0
Class A Common Stock	04/28/2006		S		8,150	D	\$ 22.5

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

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**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)
				Code	V (A) (D)	Date Exercisable Expiration Date	Title Amount or Number of Shares
Employee Stock Option (Right to Buy)	\$ 1.26	04/28/2006		M	8,150	(2) 04/01/2011	Class B Common Stock 8,150
Class B Common Stock	\$ 0 (3)	04/28/2006		M	8,150	(3) (3)	Class A Common Stock 8,150
Class B Common Stock	\$ 0 (3)	04/28/2006		C	8,150	(3) (3)	Class A Common Stock 8,150

**Reporting Owners**

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Watts David K C/O DOLBY LABORATORIES, INC. 100 POTRERO AVENUE SAN FRANCISCO, CA 94103			Sr. V.P. & Man. Dir., U.K. Br.	

**Signatures**

/s/ Alan G. Smith, Attorney-in-fact 05/01/2006

Signature of Reporting Person Date

**Explanation of Responses:**

- \* If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Each share of Class A Common Stock issued upon conversion of one share of Class B Common Stock at the election of the reporting person.  
This option was granted for a total of 36,150 shares of Class B Common Stock. 1/4 of the total number of shares issuable under the option vests on each anniversary of October 1, 2000, the vesting commencement date. Vested shares under the option were not exercisable until the closing of the issuer's initial public offering.

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- (3) Each share of Class B Common Stock is convertible into one share of Class A Common Stock at the option of the holder and has no expiration date.

### Remarks:

\*\*\*All of the sales reported in this Form 4 were effected pursuant to a Rule 10b5-1 trading plan.\*\*\*

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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