

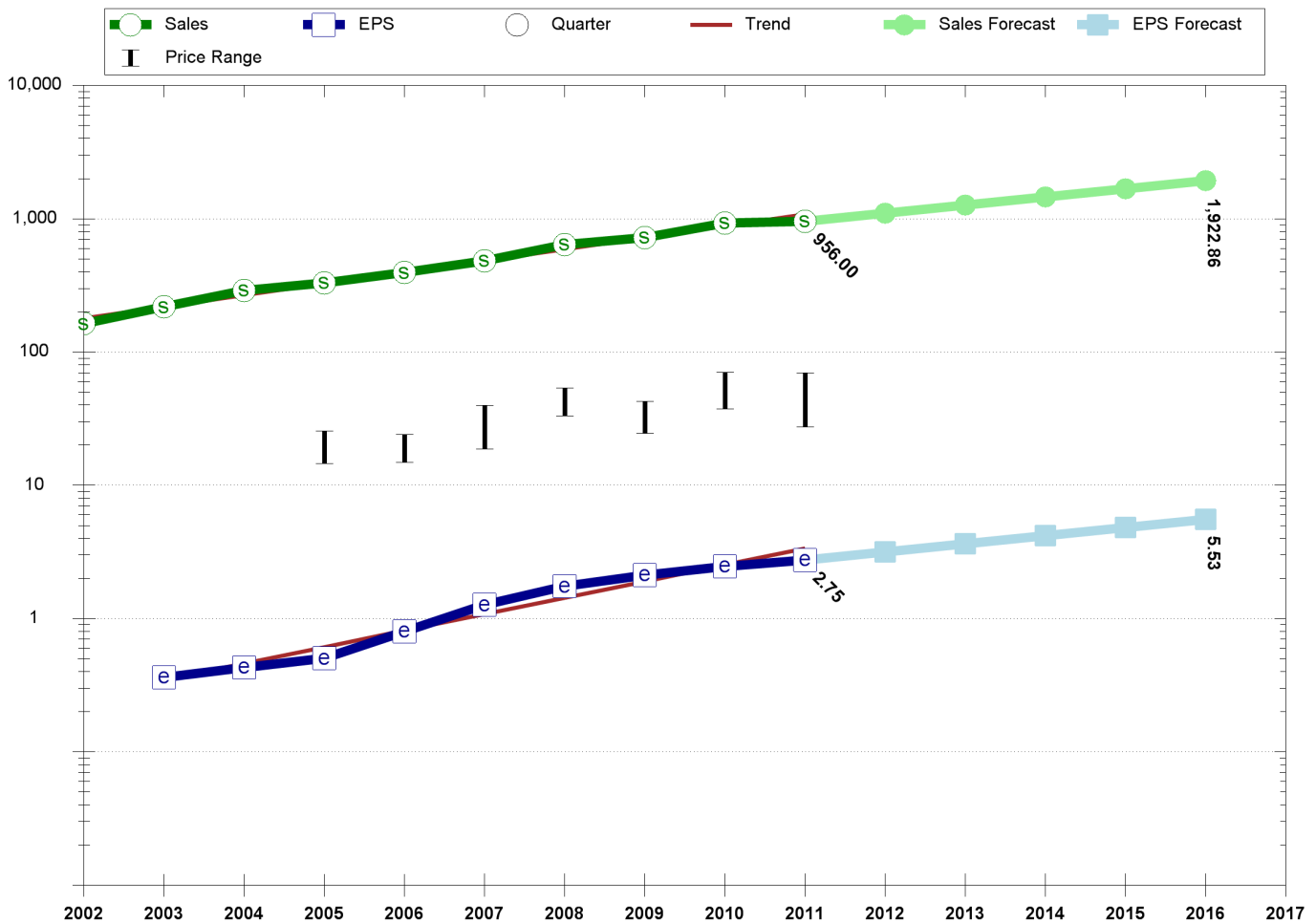
Company	Dolby Laboratories,		Date	11/18/2011	
Prepared by	Taylor IV		Data taken from	BI Stock Data	
Where traded	NYSE	Industry	Media - Diversified		
Capitalization ---	Outstanding Amounts	Reference			
Preferred (\$M)	0.0	% Insiders	% Institution		
Common (M Shares)	110.1	0.4	43.0		
Debt (\$M)	0.0	% to Tot Cap	0.0	% Pot Dil	0.6

Stock Selection Guide

Symbol: DLB

1 VISUAL ANALYSIS of Sales, Earnings, and Price

FY2011 Quarter Ending (09/11)	Sales (\$M)	Earnings Per Share
Latest Quarter	243.8	0.72
Year Ago Quarter	227.8	0.57
Percentage Change	7.01%	26.32%



(1) Historical Sales Growth	22.0%	(3) Historical Earnings Per Share Growth	32.8%
(2) Estimated Future Sales Growth	15.00%	(4) Estimated Future Earnings Per Share Growth	15.00%

2 EVALUATING Management

Dolby Laboratories,

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Last 5 Year Avg.
Pre-tax Profit on Sales (Net Before Taxes/Sales)	-0.12%	22.49%	24.16%	27.81%	37.45%	43.44%	47.14%	52.30%	48.12%	46.47%	47.50%
% Earned on Equity (E/S / Book Value)				11.23%	14.38%	17.39%	18.61%	17.91%	18.71%	18.59%	18.24%

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

PRESENT PRICE 30.7

HIGH THIS YEAR 68.88

LOW THIS YEAR 25.70

	A	B	C	D	E	F	G	H
Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
1 2007	39.70	18.64	1.26	31.51	14.79	0.000	0.00	0.00
2 2008	53.63	32.94	1.74	30.82	18.93	0.000	0.00	0.00
3 2009	42.50	24.50	2.11	20.14	11.61	0.000	0.00	0.00
4 2010	70.14	37.25	2.46	28.51	15.14	0.000	0.00	0.00
5 2011	69.69	27.36	2.75	25.34	9.95	0.000	0.00	0.00
6 TOTAL		140.7		136.3	70.4		0.0	
7 AVERAGE		28.1		27.3	14.1		0.0	
8 AVERAGE PRICE EARNINGS RATIO 20.7					9 CURRENT PRICE EARNINGS RATIO 11.2			

4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE - NEXT 5 YEARS

Avg. High P/E 20.00 X Estimate High Earnings/Share 5.53 = Forecasted High Price \$ 110.60

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 14.09 X Estimate Low Earnings/Share 2.75 = Forecasted Low Price \$ 38.75

(b) Avg. Low Price of Last 5 Years 28.14

(c) Recent Market Low Price 25.70

(d) Price Dividend Will Support $\frac{\text{Present Dividend}}{\text{High Yield}} = \frac{0.000}{0.00\%} = 0.00$

Selected Forecasted Low Price 25.70

C ZONING using 25%-50%-25%

Forecasted High Price 110.60 Minus Forecasted Low Price 25.70 = 84.90 Range. 25% of Range 21.23

Buy Zone 25.70 to 46.93

Hold Zone 46.93 to 89.38

Sell Zone 89.38 to 110.60

Present Market Price of 30.70 is in the **Buy** Zone

D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price}} = \frac{110.60 - 30.70}{30.70} = \frac{79.90}{30.70} = 2.60$
 $\frac{\text{Present Price} - \text{Low Price}}{\text{Present Price} - \text{Low Price}} = \frac{30.70 - 25.70}{30.70 - 25.70} = \frac{5.00}{5.00} = 1.00$
 Ratio = 2.60 / 1.00 = 2.60 To 1

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

$\frac{\text{High Price} - \text{Present Market Price}}{\text{Present Market Price}} \times 100 = \frac{110.60 - 30.70}{30.70} \times 100 = 360.26 - 100 = 260.26 \% \text{ Appreciation}$

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

A $\frac{\text{Present Full Year's Dividend \$}}{\text{Present Price of Stock}} = \frac{0.000}{30.70} = 0.00 = 0.00\% \text{ Present Yield}$

B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{0.00\%}{20.00} = 0.00\%$

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 29.22 %

Average Yield 0.00 %

Annualized Rate of Return 29.22 %