Dolby Laboratories, Inc. Form 4 November 16, 2006

subject to

Section 16.

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

Check this box if no longer

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

Form 4 or Form 5 Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, obligations Section 17(a) of the Public Utility Holding Company Act of 1935 or Section may continue. 30(h) of the Investment Company Act of 1940 See Instruction

OMB APPROVAL

OMB 3235-0287 Number:

January 31, Expires: 2005

Estimated average burden hours per response... 0.5

(Print or Type Responses)

1(b).

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

2. Issuer Name and Ticker or Trading Symbol

Dolby Laboratories, Inc. [DLB]

5. Relationship of Reporting Person(s) to

(Check all applicable)

Issuer

(First) (Middle) (Last)

(Street)

3. Date of Earliest Transaction

Director

10% Owner

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

(Month/Day/Year)

11/14/2006

X_ Officer (give title Other (specify below) below) Sr. V.P. & Man. Dir., U.K. Br.

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

6. Individual or Joint/Group Filing(Check

Applicable Line)

X Form filed by One Reporting Person Form filed by More than One Reporting Person

SAN FRANCISCO, CA 94103

(City) (State) (Zip) Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)

2. Transaction Date 2A. Deemed (Month/Day/Year)

Execution Date, if

(Month/Day/Year)

3. 4. Securities TransactionAcquired (A) or Code Disposed of (D) (Instr. 3, 4 and 5) (Instr. 8)

5. Amount of Securities Beneficially Owned Following

6. Ownership 7. Nature of Form: Direct Indirect (D) or Indirect Beneficial (T)

Ownership (Instr. 4) (Instr. 4)

(A)

Reported Transaction(s) (Instr. 3 and 4)

Code V Amount (D) Price

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

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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

Conversion or Exercise

3. Transaction Date 3A. Deemed (Month/Day/Year)

Execution Date, if any

4. 5. Number of **Transaction**Derivative Code Securities

6. Date Exercisable and **Expiration Date** (Month/Day/Year)

7. Title and Amount of **Underlying Securities** (Instr. 3 and 4)

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(Instr. 3)	Price of Derivative Security		(Month/Day/Year)	(Instr.	. 8)	Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)					
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Employee Stock Option (Right to Buy)	\$ 28.13	11/14/2006		A		25,000		<u>(1)</u>	11/14/2016	Class A Common Stock	25,000

Reporting Owners

Reporting Owner Name / Address	Relationships							
·	Director	10% Owner	Officer	Other				
Watts David K			C. VD 0					
C/O DOLBY LABORATORIES, INC.			Sr. V.P. &					
100 POTRERO AVENUE			Man. Dir., U.K. Br.					
SAN FRANCISCO, CA 94103			U.K. Dr.					

Signatures

/s/ Alan G. Smith, Attorney-in-fact

11/15/2006

**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) This option was granted for a total of 25,000 shares of Class A Common Stock. 1/4 of the total number of shares issuable under the option vests on each anniversary of November 14, 2006, the vesting commencement date.
- (2) Not applicable

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

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