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## DTS, Inc. Q3 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

Thank you, sir. (Operator Instructions). Our first question comes from the line of Ralph Schackart with William Blair & Company. Please go ahead.

#### Ralph Schackart - William Blair & Company

Good afternoon. The first one's for Mel today. Mel, can you talk about the tax rate, I'm not sure if I got it from the prepared remarks for Q4. Is there anything happening sort of one-time nature or higher than perhaps expected in Q4 that's causing the EPS to get the lower end of the range versus revs (ph 00:15:41) sort of in the middle of the range for the guidance (ph 00:15:42)?

#### Melvin Flanigan

No, not really Ralph. The tax rate for Q4 should be in that same 39% kind of range. The only thing that we're aware of that's going to be a discreet item in Q4 would be the fact that the R&D credit was passed in October so we'll get actually a little bit of a benefit in the fourth quarter for that as a discreet item, but that's not going to materially move the needle.

#### Ralph Schackart - William Blair & Company

Okay, and then Jon, you said in the prepared remarks that there's some slowing in production for the first half of '09. Was that specific to any end market or to the cycle or was it just sort of a macro CE comment?

#### Jon Kirchner

It's a macro CE comment, Ralph. To be honest, we're getting mixed signals from various places around the world as to what people are doing and so I think our feeling is that just being cautious given our revenue recognition kind of on a quarter lag method, relative to production, if in fact it it's true that people are beginning to reduce production, then that will clearly affect Q1 and then there's some question about how fast things bounce back because typically Q1 production which is our Q2 revenue tends to be the lowest of the year. So, I think we're just overall cautious and we'll see how it goes here over the next eight weeks.

#### Ralph Schackart - William Blair & Company

Okay, thank you.

#### Operator

Thank you. Our next question comes from the line of Alan Davis with D.A. Davidson. Please go ahead.

**Alan Davis – D.A. Davidson & Company**

Hey Mel, I may have missed this. Did you give the Blu-ray as a percentage of overall sales for the quarter?

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