



Photronics Announces Pricing of Convertible Senior Note Offering and Amends Revolving Credit Facility to Be Effective upon Closing of the Offering

BROOKFIELD, Conn.--(BUSINESS WIRE)-- [Photronics, Inc.](http://www.photronics.com) (NASDAQ:PLAB), a worldwide leader in supplying innovative imaging technology solutions for the global electronics industry, today announced that it priced its placement of \$100,000,000 aggregate principal amount of 3.25% convertible senior notes due 2016. Photronics has also granted the initial purchasers an option to purchase up to an additional \$15,000,000 aggregate principal amount of convertible senior notes to cover over-allotments. The convertible senior notes will pay interest semi-annually at a rate of 3.25 % per annum and will mature on April 1, 2016, unless earlier repurchased or converted. The convertible senior notes are convertible into shares of Photronics common stock at an initial conversion rate of 96.3879 shares of common stock per \$1,000 principal amount of convertible senior notes, equivalent to an initial conversion price of approximately \$10.37 per share of common stock, subject to adjustment in certain circumstances.

Photronics intends to acquire up to \$30 million aggregate principal amount of its outstanding 5.50% convertible senior notes due 2014 in individually negotiated transactions, by delivering cash and/or shares of its common stock as consideration. The Company intends to repay up to \$23 million of other outstanding higher interest bearing debt. The Company intends to use the remaining net proceeds to acquire from time to time additional 2014 notes in the open market and for general corporate purposes, which may include, among other things, working capital and capital expenditures.

In connection with the offering, Photronics has entered an agreement to amend its senior revolving credit facility. The amendment will, among other things: (i) reduce the aggregate commitments of the lenders under the facility from \$65 million to \$30 million; (ii) reduce the applicable interest rates and modify the leverage ratios relating thereto; (iii) extend the maturity to April 30, 2015, (iv) increase the "accordion" feature from \$15 million to \$20 million; (v) increase permitted purchase money indebtedness from \$30 million to \$75 million; (vi) permit the issuance of notes in this offering; (vii) increase the investments "basket" from \$15 million to \$25 million; (viii) increase the permitted amount of restricted payments from \$5 million to \$10 million; (ix) permit the repurchase and/or exchange of shares for the 2014 notes; (x) permit the early repayment of certain indebtedness; and (xi) remove the limitation on maximum last twelve months capital expenditures. The amendment will become effective upon closing of this offering.

The offering is expected to close on March 28, 2011, subject to customary closing conditions.

The notes and the shares into which the notes will be convertible have not been registered under the Securities Act of 1933, as amended, or applicable state securities laws, and will be offered only to qualified institutional buyers in reliance on Rule 144A under the Securities Act. Unless so registered, the notes may not be offered or sold in the United States except pursuant to an exemption from the registration requirements of the Securities Act and applicable state securities laws.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the notes or the common stock into which the notes will be convertible in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements made by or on behalf of [Photronics, Inc.](http://www.photronics.com) and its subsidiaries (the Company). The forward-looking statements contained in this press release involve risks and uncertainties that may affect the Company's operations and financial condition. These risks and uncertainties relate principally to whether the offering will be consummated as planned.

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Source: Photronics, Inc.

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