# SCHEDULE 14A

**(Rule 14a-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT**
**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the**
**Securities Exchange Act of 1934 (Amendment No. )**

Filed by the Registrant ☒

Filed by a Party other than the Registrant o

Check the appropriate box:

| | | | |
|---|---|---|---|
| o | Preliminary Proxy Statement | o | Soliciting Material Under Rule 14a-12 |
| o | Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2)) | | |
| ☒ | Definitive Proxy Statement | | |
| o | Definitive Additional Materials | | |

# PHOTRONICS, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

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o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

1) Amount previously paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

**PHOTRONICS, INC.**
**15 Secor Road**
**Brookfield, Connecticut 06804**
**(203) 775-9000**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**
**TO BE HELD ON MARCH 16, 2020**

TO THE SHAREHOLDERS OF PHOTRONICS, INC.:

Notice is hereby given that the Annual Meeting of Shareholders of Photronics, Inc. will be held on March 16, 2020 at 8:30 a.m. Eastern Time at the Rock Harbor conference room in the Reef Tower of the **Playa Largo Resort & Spa,** 97450 Overseas Highway, Key Largo, FL 33037 for the following purposes:

1) To elect six members of the Board of Directors;

2) To ratify the selection of Deloitte & Touche LLP as independent registered public accounting firm for the fiscal year ending October 31, 2020;

3) To approve the entry into a Section 382 Rights Agreement and the distribution of preferred share purchase rights to common shareholders; and

4) To approve, by non-binding advisory vote, the compensation of our named executive officers.

The shareholders will also act on any other business as may properly come before the meeting or any adjournments or postponements thereof.

The Board of Directors has fixed February 6, 2020, as the record date for determining the holders of common stock entitled to notice of and to vote at the meeting. A list of those shareholders entitled to vote at the Annual Meeting will be available for inspection by any of our shareholders for any purpose germane to the Annual Meeting, during regular business hours at the principal executive offices of Photronics, Inc. 20 days prior to the Annual Meeting.

YOUR VOTE IS IMPORTANT. ALL SHAREHOLDERS ARE CORDIALLY INVITED TO ATTEND THE MEETING. TO ENSURE YOUR REPRESENTATION AT THE MEETING, WHETHER OR NOT YOU PLAN TO ATTEND, YOU ARE REQUESTED TO COMPLETE, DATE, SIGN AND RETURN THE ENCLOSED PROXY IN THE ENCLOSED ENVELOPE OR AUTHORIZE THE VOTING OF YOUR SHARES BY INTERNET OR TELEPHONE PRIOR TO THE DEADLINE SPECIFIED ON YOUR PROXY CARD. NO POSTAGE IS REQUIRED FOR MAILING IN THE UNITED STATES.

We thank you for your continued support.

Shareholders planning on attending the meeting in person should bring photo identification.

By Order of the Board of Directors,

*/s/ Richelle E. Burr*

Richelle E. Burr
Executive Vice President,
Chief Administrative Officer,
General Counsel and Secretary

**PHOTRONICS, INC.**
**15 Secor Road**
**Brookfield, Connecticut 06804**
**(203) 775-9000**

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# PROXY STATEMENT
**For the Annual Meeting of Shareholders**
**to be held on March 16, 2020**

## GENERAL INFORMATION

The enclosed proxy is solicited by the Board of Directors (the “Board” or “Board of Directors”) of Photronics, Inc. (“Photronics”, the “Company”, “we”, “our” or “us”), to be voted at the Annual Meeting of Shareholders or any adjournments or postponements thereof (the “Annual Meeting”) to be held on March 16, 2020, at 8:30 a.m. Eastern Time at the Rock Harbor conference room in the Reef Tower of the **Playa Largo Resort & Spa,** 97450 Overseas Highway, Key Largo, FL 33037. This proxy statement and the enclosed proxy card are being filed with the Securities and Exchange Commission on February 25, 2020 and on the same day the Company will begin sending the proxy statement and proxy card to all shareholders entitled to vote at the Annual Meeting. Our Annual Report on Form 10-K for the fiscal year ended October 31, 2019 as filed with the Securities and Exchange Commission (“SEC”), is included in the Annual Report to Shareholders being made available to our shareholders with this proxy statement.

The persons named as proxies on the accompanying proxy card have informed the Company of their intention, if no contrary instructions are given, to vote the shares of the Company’s common stock, par value $0.01 per share, (“Common Stock”) represented by such proxies “FOR” each of the director nominees named herein and “FOR” Proposals 2, 3 and 4, and at their discretion on any other matters which may come before the Annual Meeting. The Board of Directors does not know of any business to be brought before the Annual Meeting other than as set forth in the Notice of Annual Meeting of Shareholders.

Any shareholder who executes and delivers a proxy may revoke it at any time prior to its use. Such revocation would be effective upon: (a) receipt by the Secretary of the Company of written notice of such revocation; (b) receipt by the Secretary of the Company of a properly executed proxy bearing a later date; or (c) appearance by the shareholder at the Annual Meeting and his or her request to revoke the proxy. Any such notice or proxy should be sent to Photronics, Inc., 15 Secor Road, Brookfield, Connecticut 06804, Attention: Secretary. Appearance at the Annual Meeting without a request to revoke a proxy will not revoke a previously executed and delivered proxy.

### QUORUM; REQUIRED VOTES

Only shareholders of record at the close of business on February 6, 2020 are entitled to notice of and to vote at the Annual Meeting. As of February 6, 2020, there were 66,167,735 shares of Common Stock issued and outstanding, each of which is entitled to one vote. At the Annual Meeting, the presence in person or by proxy of the holders of a majority of the total number of shares of outstanding Common Stock will be necessary to constitute a quorum. Assuming a quorum is present, the matters to come before the Annual Meeting that are listed in the Notice of Annual Meeting of Shareholders require the following votes to be approved: (1) Proposal 1 (Election of Directors) a plurality of the votes cast by the shareholders entitled to vote at the Annual Meeting is required to elect six members of the Board of Directors subject to the Company’s policy that requires that any nominee that does not receive at least a majority of votes cast by shareholders must tender his resignation; (2) Proposal 2 (Ratification of Selection of Independent Registered Public Accounting Firm for the Fiscal Year Ending October 31, 2020) a majority of the votes cast by the shareholders entitled to vote at the Annual Meeting is required to ratify the selection of Deloitte & Touche LLP; (3) Proposal 3 (Approval of the entry of the Company into a Section 382 Rights Agreement and the distribution of preferred share purchase rights to our common shareholders) a majority of the votes cast by the shareholders entitled to vote at the Annual Meeting is required to approve the Company’s entry into a Section 382 Rights Agreement and distribution of preferred share purchase rights; and (4) Proposal 4 (Executive Compensation) a majority of the votes cast by the shareholders entitled to vote at the Annual Meeting is required to approve the non-binding advisory resolution approving the compensation of the named executive officers, as described in the Compensation Discussion and Analysis and the narrative disclosure included in this proxy statement.

Neither the approval nor the disapproval of Proposal 4 will be binding on the Company or the Board of Directors or will be construed as overruling a decision by the Company or the Board of Directors. Neither the approval nor the disapproval of Proposal 4 will create or imply any change to our fiduciary duties or create or imply any additional fiduciary duties for the Company or the Board of Directors. However, the Company will consider the results of this advisory vote in making future decisions on the Company's compensation policies and the compensation of the Company's named executive officers.

Shareholders who hold their shares through a broker (in "street name"), must provide specific instructions to their brokers as to how to vote their shares, in the manner prescribed by their broker. Pursuant to the rules that govern brokers and nominees who have record ownership of shares that are held in "street name" for account holders (who are the beneficial owners of the shares), brokers and nominees typically have the discretion to vote such shares on routine matters, but not on non-routine matters. If a broker or nominee has not received voting instructions from an account holder and does not have discretionary authority to vote shares on a particular item because it is a non-routine matter, a "broker-non-vote" occurs. Under the rules governing brokers, an uncontested director election is considered a non-routine matter for which brokers do not have discretionary authority to vote shares held by an account holder. Additionally, as required by Section 957 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act"), advisory votes on executive compensation and on the frequency of such votes are also considered non-routine matters for which brokers do not have discretionary authority to vote shares held by account holders. Of the four proposals listed in the Notice of Annual Meeting of Shareholders only the ratification of our independent registered public accounting firm under Proposal 2 is considered a routine matter. Abstentions and broker non-votes will be considered as present but will not be considered as votes cast on any matter.

## CORPORATE GOVERNANCE AND ETHICS

Photronics is committed to the values of effective corporate governance and high ethical standards. Our Board believes that these values are conducive to running our business efficiently, to maintaining our integrity in the market place, long-term performance and ensuring that the Company is managed for the long-term benefit of its stockholders. The Board recognizes that maintaining and ensuring good corporate governance is a continuous process. The Board periodically reevaluates our policies to ensure they meet the Company's needs. Set forth below are a few of the corporate governance practices and policies that we have adopted.

- **Related Party Transaction Policy.** Our Audit Committee is responsible for approving or ratifying transactions involving the Company and related parties and determining if such transactions are, or are not, consistent with the best interests of the Company and our shareholders.
- **Executive Sessions.** The Company's Board of Directors' meetings regularly include executive sessions without the presence of management, including the Company's Chief Executive Officer.

## BOARD OF DIRECTORS’ POLICIES, COMMITTEE CHARTERS, AND CODE OF ETHICS

The Board of Directors has responsibility for establishing broad corporate policies and reviewing overall performance rather than day to day operations of the Company. The Board’s primary responsibility is to oversee management and, in doing so, to serve the Company’s and its shareholders’ best interests. Company management keeps the Board of Directors informed of Company activities through periodic updates when necessary, written reports and presentations at Board and Board Committee meetings.

The Company has adopted a code of ethics and corporate governance policy to assist the Board and its committees in the exercise of their responsibilities. The code of ethics and corporate governance policy apply generally to the Board and the Company’s named executive officers. Each of the Board committees has a written charter that sets forth the goals and responsibilities of the committee. The Company’s code of ethics and Board Committee charters can be found on the Company’s website at www.photronics.com. Shareholders may also request a free copy of the Company’s code of ethics from: Photronics, Inc., 15 Secor Road, Brookfield, Connecticut 06804, Attention: General Counsel. We will disclose any amendments to, or waivers from, a provision of our code of ethics that applies to the principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions that relate to any element of the code of ethics as defined in Item 406 of Regulation S-K, by posting such information on our website.

The Board of Directors has assessed each of its six nominees for Director against the NASDAQ Global Select Market (“NASDAQ”) standards for independence and determined that Messrs. Fiederowicz, Tyson and Ms. Paladino meet the general definition of an independent director as defined by NASDAQ.

The number of directors on the Company’s Board is not permitted to be less than three or more than fifteen members under the Company’s bylaws. Currently, the Board has fixed the number of directors at eight members. The Board is responsible for nominating members to the Board and for filling vacancies on the Board that may occur between annual meetings of shareholders, in each case upon the recommendation of the Nominating Committee. The Nominating Committee seeks input from other Board members and senior management and may engage a search firm to identify and evaluate potential candidates. The Board and each of the committees of the Board conduct annual self-assessments to determine their effectiveness. Additionally, each committee reviews the adequacy of its charter annually and considers any proposed changes.

## BOARD LEADERSHIP STRUCTURE

The Board also has a Lead Independent Director. Mr. Walter Fiederowicz serves as Lead Independent Director. Mr. Fiederowicz’s duties include the following: chair any meeting of the independent directors in executive session; facilitate communications between other members of the Board and the Chairman of the Board and Chief Executive Officer (however, each director is free to communicate directly with the Chairman of the Board and the Chief Executive officer); and monitor, with the assistance of the General Counsel, communications from shareholders.

In 2019, the Company announced the adoption of a new retirement policy that stipulates each independent, non-employee director cannot be nominated for a term that begins after his or her 75$^{th}$ birthday. Consistent with this policy, Joseph Fiorita will retire from the board of directors at the end of his current term and will not stand for reelection at the 2020 annual meeting.

On December 13, 2019, the Company announced that Dr. Hsia will retire from the Board of Directors effective as of the Company's 2020 Shareholders Meeting.

The Board will continue to reexamine our corporate governance policies and leadership structure on an ongoing basis to ensure that such policies and leadership structure continue to meet the Company’s needs.

## THE BOARD OF DIRECTORS’ ROLE IN RISK OVERSIGHT AND ASSESSMENT

The Company has a risk management program overseen by senior management and approved by the Board of Directors. The Board’s risk oversight processes build upon management’s regular risk assessment and mitigation processes, which include standardized reviews conducted with members of management across and throughout the Company in areas such as financial and management controls, strategic and operational planning, regulatory compliance, and environmental compliance. The results of these reviews are then discussed and analyzed at the most senior level of management, which assesses both the level of risk posed in these areas and the likelihood of their occurrence, coupled with planning for the mitigation of such risks and occurrences.

Risks are identified and prioritized by senior management and each prioritized risk is assigned to either a Board committee or the full Board for oversight. For example, strategic risks are overseen by the full Board; financial and business conduct risks are overseen by the Audit Committee or the full Board; risks associated with related party transactions are overseen by the Audit Committee; risks related to Cyber Security are overseen by the Cyber Security Committee; and compensation risks are overseen by the Compensation Committee. Management regularly reports these and other various risks to the relevant Board committee or the Board. Additional review or reporting of risks is conducted as needed or as requested by the Board or relevant Board committee.

## COMPENSATION RELATED RISK

The Company regularly assesses the risks related to our compensation programs, including our executive compensation programs, and does not believe that the risks arising from our compensation policies and practices are reasonably likely to have a material adverse effect on the Company. Incentive award targets and opportunities are reviewed annually. One of the Compensation Committee's primary objectives is to motivate high achievement while maintaining an appropriate balance between rewarding extraordinary performance without encouraging excessive risk taking.

## PLURALITY-PLUS VOTING FOR DIRECTORS

On December 6, 2018, the Company's Board of Directors approved an amendment to its corporate governance guidelines to implement a change in the vote required to elect directors in uncontested elections from a plurality-voting standard to a "plurality plus" voting standard. In uncontested elections, any director who does not receive a majority of the votes cast (which means that the number of shares voted "for" a director must exceed the number of shares voted "against" a director) must tender his resignation to the Board. The Nominating Committee shall consider the resignation and, promptly following the date of the shareholders' meeting at which the election occurred, shall recommend to the Board of Directors whether or not to accept it. The Nominating Committee will make a recommendation to the Board on whether or not to accept the tendered resignation. In considering whether or not to accept the resignation, the Nominating Committee will consider all factors deemed relevant by the Nominating Committee including, without limitation, the stated reason or reasons why shareholders "withheld" votes from the election of the director, if any, the length of service and the qualifications of the director (including, for example, the impact the director's resignation would have on the Company's compliance with the requirements of applicable corporate and securities laws and the rules of any stock exchange on which the Company's securities are listed for trading), such director's contributions to the Company and whether the director's resignation from the Board of Directors would be in the best interests of the Company. The Nominating Committee will also consider a range of possible alternatives concerning the director's tendered resignation as the Committee deems appropriate including, without limitation, acceptance of the resignation, rejection of the resignation, or rejection of the resignation coupled with a commitment to seek to address and cure the underlying reasons reasonably believed by the Nominating Committee to have substantially resulted in the "withheld" votes. The Board of Directors shall act on the Nominating Committee's recommendation within 90 days of the date of the shareholders' meeting at which the election occurred. In considering the Nominating Committee's recommendation, the Board of Directors will consider the information, factors and alternatives evaluated by the Committee and such additional information, factors and alternatives that the Board of Directors may consider to be relevant. Following the Board of Directors' decision on the Nominating Committee's recommendation, the Company shall promptly disclose the decision regarding whether or not to accept the nominee's resignation (or the reasons for rejecting the resignation, if applicable), as well as a summary of the factors considered.

## EMPLOYEE, OFFICER AND DIRECTOR HEDGING

The Company has a policy on equity ownership which is further described in the Compensation Discussion and Analysis section of this proxy. Further, as illustrated in the Ownership of Common Stock by Directors, Officers, and Certain Beneficial Owners Table, all directors and named executive officers are beneficial owners of stock of the Company. The Company does not have a hedging policy at this time.

## OWNERSHIP OF COMMON STOCK BY DIRECTORS, OFFICERS AND CERTAIN BENEFICIAL OWNERS

The following table sets forth certain information on the beneficial ownership of the Company's Common Stock as of February 6, 2020, by: (i) beneficial owners of more than five percent of the Common Stock; (ii) each director; (iii) each Named Executive Officer in the Summary Compensation Table set forth below; and (iv) all directors and currently employed Named Executive Officers of the Company as a group.

| Name and Address of Beneficial Owner[1] | Amount and Nature of Beneficial Ownership[2] | Percentage of Class |
|---|---|---|
| Black Rock, Inc.<br>55 East 52nd Street<br>New York, NY 10022 | 10,194,364 | 15.41%[3] |
| Dimensional Fund Advisors<br>Palisades West, Building One<br>6300 Bee Cove Road<br>Austin, TX 78746 | 5,632,099 | 8.51%[4] |
| Vanguard Group<br>100 Vanguard Blvd.<br>Malvern, PA 19355 | 4,579,918 | 6.92%[5] |
| Barrow, Hanley, Mewhinney & Strauss, LLC<br>2200 Ross Avenue, 31st Floor<br>Dallas, TX 75201-2761 | 3,387,871 | 5.12%[6] |
| | | |
| **Officers and Directors** | | |
| Richelle Burr | 219,128[7] | * |
| Walter M. Fiederowicz | 24,000 | * |
| Joseph A. Fiorita, Jr. | 204,600[8] | * |
| Liang-Choo Hsia | 102,000[7] | * |
| John P. Jordan | 105,780 | * |
| Peter Kirlin | 596,884[7] | * |
| Frank Lee | 330,175[7] | * |
| Constantine S. Macricostas | 516,575 | * |
| George Macricostas | 44,000 | * |
| Mary Paladino | 15,000 | * |
| Christopher J. Progler | 277,033[7] | * |
| Mitchell G. Tyson | 94,379[7] | * |
| Directors and Named Executive Officers as a group (12 persons) | 2,529,554[9] | 3.82% |

* Less than 1%

(1) The address for all officers and directors is 15 Secor Road, Brookfield, Connecticut 06804.

(2) Except as otherwise indicated, the named person has the sole voting and investment power with respect to the shares of Common Stock set forth opposite such person's name.

(3) Based on Schedule 13G/A filed February 4, 2020.

(4) Based on Schedule 13G/A filed February 12, 2020.

(5) Based on Schedule 13G/A filed February 12, 2020.

(6) Based on Schedule 13G filed February 12, 2020.

(7) Includes shares of Common Stock subject to stock options exercisable as of February 6, 2020, (or within 60 days thereof), as follows: Ms. Burr: 129,875; Dr. Hsia: 12,000; Dr. Kirlin: 249,062; Dr. Lee: 180,000; Dr. Progler: 148,300; and Mr. Tyson: 9,000.

(8) Includes 300 shares owned by the wife of Mr. Fiorita as to which shares he disclaims beneficial ownership.

(9) Includes the shares listed in notes (7) and (8) above.

## PROPOSAL 1
## ELECTION OF DIRECTORS

The Board has nominated six directors to be elected at the 2020 Annual Meeting to serve for a one year term. Each of the six directors of the Company that is elected at the Annual Meeting will serve until the 2021 Annual Meeting of Shareholders (unless such director resigns or otherwise leaves the Board). Each nominee is currently a director of the Company and has agreed to serve if elected. The names of, and certain information with respect to, the nominees for election as directors are set forth below.

The Company is open and receptive to shareholder communication. If, for any reason, any of the nominees shall become unable to stand for election, the individuals named in the enclosed proxy may exercise their discretion to vote for any substitutes chosen by the Board of Directors, unless the Board of Directors should decide to reduce the number of directors to be elected at the Annual Meeting. The Company has no reason to believe that any nominee will be unable to serve as a director.

**THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" THE ELECTION OF EACH OF THE FOLLOWING NOMINEES:**

**Nominees:**

| Name and (Age) | Director Since | Position(s) with the Company |
|---|---|---|
| **Walter M. Fiederowicz (73 years)** | 1984 | Director |
| **Dr. Peter S. Kirlin (59 years)** | 2015 | Director/CEO |
| **Constantine S. Macricostas (84 years)** | 1974 | Chairman |
| **George Macricostas (50 years)** | 2002 | Director |
| **Mary Paladino (58 years)** | 2019 | Director |
| **Mitchell G. Tyson (65 years)** | 2004 | Director |

Messrs. Fiederowicz, Tyson and Ms. Paladino qualify as being independent under applicable NASDAQ rules.

In addition to the information set forth in the table above, the following provides certain information about each nominee for election as director, including his or her principal occupation for at least the past five years. Also set forth below is a brief discussion of the specific experience, qualifications, attributes or skills that led to the conclusion that each nominee and director should serve as a director as of the date of this proxy statement.

Walter M. Fiederowicz has been a private investor and consultant since August 1997. Mr. Fiederowicz is Chairman of the Compensation Committee and Vice Chairman of the Audit Committee. Mr. Fiederowicz brings to the Board of Directors substantial experience in analyzing and forecasting economic conditions both domestically and internationally. Through his service on the boards of other companies, he has gained extensive experience in leadership, risk management, and corporate governance matters. Mr. Fiederowicz brings leadership and extensive business and financial experience to the Board.

Peter S. Kirlin joined Photronics in August 2008 as Senior Vice President, US and Europe. Dr. Kirlin became Chief Executive Officer in May of 2015 after having been named President in 2013. Prior to joining Photronics, Dr. Kirlin, a 25-year veteran of the photomask and semiconductor industries, held several senior leadership positions of increasing responsibility. Dr. Kirlin was Vice President of Business Development at Entegris, a developer, manufacturer, and supplier of liquid and gas delivery systems, components, and consumables used in the semiconductor manufacturing process; Chairman and Chief Executive Officer of DuPont Photomasks; and Group Vice President of ATMI, a supplier of ultra-high purity materials and services used in the manufacture of semiconductors. Dr. Kirlin also was Executive Chairman of the privately-held firm Akrion, Inc., a provider of surface preparation solutions to the semiconductor and electronics industries. Dr. Kirlin was Executive Chairman of Akrion, Inc. from January 2007 to July 2008. Dr. Kirlin brings leadership, strategic direction, extensive business experience and a wealth of knowledge of the photomask and semiconductor industry to the Board.

Constantine S. Macricostas is Chairman of the Board and founder of the Company. Mr. Macricostas was Executive Chairman of the Company until January 20, 2018. Mr. Macricostas previously served as Chief Executive Officer of the Company on three different occasions from 1974 until August 1997, from February 2004 to June 2005, and from April 2009 until May 2015. Mr. Macricostas is a former director of RagingWire Data Centers, Inc., (“RagingWire”). Mr. Macricostas is the father of George Macricostas. Mr. Macricostas’ knowledge of the Company and its operations, as well as the industry, is invaluable to the Board of Directors in evaluating and directing the Company’s future. Through his long service to the Company and experience in the photomask industry, he has developed extensive knowledge in the areas of leadership, safety, risk oversight, management, and corporate governance, each of which provides great value to the Board of Directors. Mr. Macricostas is a member of the Cyber Security Committee of the Board.

George Macricostas is an investor and entrepreneur. He was Founder, Chairman and CEO of RagingWire Data Centers, Inc. a provider of mission critical data center facilities, which is where the “Cloud” lives. Mr. Macricostas guided the company through an 80% sale to NTT of Japan in 2014 and completed the sale in 2018. Mr. Macricostas has 28 years of technical and business management experience in business operations and information technology. From 2006, Mr. Macricostas has served as a director of the Jane Goodall Institute, a non-profit organization. Previously, he was a senior vice president at Photronics, Inc., where he was responsible for all aspects of the company’s IT infrastructure. Mr. Macricostas also serves as a Board Member of the Macricostas Foundation, a non-profit organization that funds philanthropic, educational and environmental causes. Mr. Macricostas brings industry, risk management, leadership and business experience to the Board. Mr. Macricostas is Chairman of the Cyber Security Committee and is a member of the Strategic Planning and Technology Development Committee.

Mary Paladino is a certified public accountant with over twenty five years of financial accounting and auditing experience. Ms. Paladino is currently a partner for one of the top public accountancy firms located throughout the Northeast. She was the Audit and Attest Services Practice leader for the firm’s White Plains, NY location. Prior to joining this firm in 2008, she held various leadership roles in the auditing group of Deloitte & Touche, LLP and BDO Seidman, LLP. Ms. Paladino brings broad experience in corporate finance, and is highly experienced in the field of public accounting and internal control both of which will contribute to her effective service on the Board of Directors of the Company.

Mitchell G. Tyson is an independent business strategy and clean energy consultant and serves on multiple industry, government and corporate boards of directors. He is also an Adjunct Professor at the Brandeis International Business School, managing partner at the Clean Energy Venture Group, Venture Partner in the Clean EnergyVenture Fund, co-founder and former chair of the Northeast Clean Energy Council, Chair of the Venture Café Foundation, Executive-in-Residence and board member at Greentown Labs. He also serves on a number of corporate boards and mentors numerous start-ups. Previously, Mr. Tyson served as the Chief Executive Officer of PRI Automation, a publicly traded corporation that supplied automation systems including hardware, software and services to the semiconductor industry. From 1987 to 2002, he held positions of increasing management responsibility and helped transform PRI Automation from a small robotics manufacturer to the world’s leading supplier of semiconductor fab automation systems. Prior to joining PRI Automation, Mr. Tyson worked at GCA Corporation from 1985 to 1987 as Director of Product Management and served as science advisor and legislative assistant to the late U.S. Senator Paul Tsongas from 1979 to 1985. Mr. Tyson is Chairman of the Nominating Committee and a member of the Audit Committee of the Company. Mr. Tyson brings leadership and extensive business experience as well as finance expertise to the Board.

## MEETINGS AND COMMITTEES OF THE BOARD

The Board of Directors met six (6) times during the 2019 fiscal year. During fiscal 2019, each director attended all of the regular meetings of the Board of Directors and 87.5% of committee meetings of the Board on which such director served.

The Company's Board of Directors has Audit, Compensation, Nominating, Strategic Planning and Technology Development and Cyber Security Committees. Members of the Audit, Compensation, and Nominating Committees are comprised of independent, non-employee directors.

The Audit Committee's functions include the appointment of the Company's independent registered public accounting firm, reviewing with such accountants the plan for and results of their auditing engagement, and the independence of such accountants. The Audit Committee pre-approves all audit & non-audit services provided to the Company. Messrs. Fiederowicz, Fiorita, Tyson and Ms. Paladino are the members of the Audit Committee, although Mr. Fiorita will leave the Audit Committee upon his departure from the Board of Directors after the Annual Meeting. All members of this Committee are independent, non-employee directors under applicable NASDAQ rules and Rule 10A-3 under the Exchange Act. Mr. Fiorita qualified as an audit committee financial expert as defined under Item 407 of Regulation S-K in fiscal 2019 and Ms. Paladino will so qualify in fiscal 2020. The Audit Committee held eight (8) meetings during the 2019 fiscal year. Ms. Paladino will become Chair of the Audit Committee following her election to the Board in March.

The Compensation Committee's functions include establishing the compensation levels for our executive officers and overseeing compensation policies and programs for the executive officers of the Company and administration of the Company's equity and stock plans. This includes setting corporate goals and objectives relevant to compensation of our executive officers and evaluating performance against these goals and objectives. The Committee also reviews and makes recommendations to the Board with respect to director compensation. Members of management, including the Chairman, the Chief Executive Officer, the Vice President of Human Resources, and the Executive Vice President, Chief Administrative Officer, General Counsel and Secretary participate in Compensation Committee meetings when requested by the Committee to present and discuss the materials provided, including recommendations considered to be relative to executive pay and competitive market practices. These members of management assist the Committee in understanding the Company's business plan and long-term strategic direction, developing the performance targets for our performance-based compensation and understanding the technical or regulatory considerations, as well as, the motivational factors of the decisions that are intended to drive executive and company performance. Although the Committee solicits input and perspective from management regarding executive compensation, the ultimate decision on executive compensation is made solely by the Compensation Committee, and the decision regarding the Chief Executive Officer's compensation is made by the Compensation Committee without the presence of the Chief Executive Officer. Messrs. Fiederowicz and Fiorita are the members of the Compensation Committee. All members of this Committee are independent, non-employee directors under applicable NASDAQ rules. The Compensation Committee held 5 meetings during the 2019 fiscal year. Ms. Paladino will become a member of the Compensation Committee following her election to the Board in March.

The purpose of the Strategic Planning and Technology Development Committee is to assist the Board of Directors with planning and directing the Company towards its vision and strategic goals. Dr. Hsia and Mr. George Macricostas are the members of the Strategic Planning and Technology Development Committee. The Strategic Planning and Development Committee held 3 meetings during the 2019 fiscal year. The Board of Directors of the Company decided to eliminate the Strategic Planning and Technology Development Committee effective for fiscal 2020.

The Cyber Security Committee was formed in fiscal 2017. The purpose of the Cyber Security Committee is to assist the Board and the Company's management in fulfilling its oversight responsibilities to the shareholders and investment community by reviewing and reporting on technology-based issues as well as cybersecurity risks, protection, and mitigation. Mr. Constantine Macricostas and Mr. George Macricostas are the members of the Cyber Security Committee. The Committee held 2 meetings during the 2019 fiscal year.

The Nominating Committee's functions include the consideration and nomination of candidates for election to the Board. Mr. Tyson and Dr. Hsia were the members of the Nominating Committee for fiscal 2019. All members of this Committee were independent, non-employee directors under applicable NASDAQ rules for fiscal 2019. This Committee held 3 meetings during the 2019 fiscal year.

The minimum qualifications for nominees to be considered by the Nominating Committee are experience as a business or technology leader, the highest ethical standards, the ability to deliver value and leadership to the Company, and the ability to understand, in a comprehensive manner, the technology utilized by the Company and its customers for the production of semiconductors and flat panel displays. If an opening for a Director arises, the Board will conduct a search for qualified candidates. The Nominating Committee utilizes its network of contacts to compile a list of potential candidates but may also engage, if it deems appropriate, a professional search firm. The Nominating Committee will also consider qualified candidates for Director suggested by shareholders in written submissions sent to Photronics, Inc., 15 Secor Road, Brookfield, Connecticut 06804, Attention: Secretary.

The Nominating Committee also recognizes that diversity of backgrounds, diverse skills and professional experience are important considerations for determination of the Board's composition. In this regard, the Committee's selection of a nominee also gives significant consideration to the backgrounds of the other directors, so that the Board of Directors as a whole has an appropriate mix of backgrounds, professional skills, and breadth of experience. The Nominating Committee reviews its effectiveness in balancing these considerations through its ongoing consideration of directors and nominees, as well as the Nominating Committee's annual self-evaluation process. The Nominating Committee evaluates candidates in the same manner, whether the candidate was recommended by a shareholder or not.

The Nominating Committee did not receive any Director nominations from a shareholder for the Annual Meeting.

The Board provides a process for shareholders to send communications to the Board or to any Director individually. Shareholders may send written communications to the Board or to any Director c/o Photronics, Inc., 15 Secor Road, Brookfield, Connecticut 06804, Attention: Secretary. All communications will be compiled by the Secretary and submitted to the Board or the individual Directors on a periodic basis.

It is the Company's policy that the Directors who stand for election at the Annual Meeting attend the Annual Meeting unless the Director has an irreconcilable conflict and attendance has been excused by the Board. All of the nominees who were Directors during the last fiscal year and who are standing for election at the Annual Meeting attended the 2019 Annual Meeting of Shareholders.

## AUDIT COMMITTEE REPORT

The Audit Committee is composed of three directors, each of whom meets the independence requirements of NASDAQ rules and Rule 10A-3 under the Securities Exchange Act of 1934, as amended. The Audit Committee operates under a written charter adopted by the Board of Directors of the Company. The Audit Committee also prepares a written self-performance evaluation of the Committee's performance on an annual basis.

Company management is responsible for the Company's internal controls and the financial reporting process. For the fiscal year ended October 31, 2019, the Audit Committee reviewed and discussed the audited financial statements with the Company's management and the Company's independent registered public accounting firm. The Audit Committee also reviewed and discussed with Deloitte & Touche LLP the audited Financial Statements and the matters required by PCAOB Auditing Standard No. 1301 Communications with Audit Committees. In addition, the Audit Committee has received the written disclosures and the letter from Deloitte & Touche LLP required by PCAOB Ethics and Independence Rule 3526 (communications with Audit Committee, concerning Independence) and has discussed with Deloitte & Touche LLP that firm's independence from the Company and its management. The Audit Committee reviewed and discussed with management and Deloitte & Touche LLP, as appropriate, (1) the audited financial statements and (2) management's report on internal control over financial reporting and Deloitte & Touche LLP's related opinions. The Committee considered whether the provision of non-audit services by Deloitte & Touche LLP to the Company is compatible with maintaining the independence of Deloitte & Touche LLP, and concluded that the independence of Deloitte & Touche LLP was not compromised by the provision of such services. The Audit Committee met with management periodically during the fiscal year to review the Company's Sarbanes-Oxley Section 404 compliance efforts related to internal controls over financial reporting. Additionally, the Audit Committee pre-approved all audit and non-audit services provided to the Company by Deloitte & Touche LLP. Based on the foregoing meetings, reviews, and discussions, the Audit Committee recommended to the Board of Directors that the audited financial statements for fiscal year 2019 be included in the Company's Annual Report on Form 10-K for filing with the SEC. Further, the Audit Committee has recommended the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for 2020, subject to shareholder approval.

The Audit Committee has a formal procedure for reviewing complaints and inquiries about accounting and auditing matters and violations of Company policy.

**Independent Registered Public Accounting Firm Fees**

For the fiscal years ended October 31, 2019 and October 29, 2018, the aggregate fees for professional services rendered by Deloitte & Touche LLP were as follows:

| | Fiscal 2019 | Fiscal 2018 |
|---|---|---|
| Audit Fees(a) | $ 1,925,793 | $ 1,257,728 |
| Audit-Related Fees(b) | 25,340 | 4,909 |
| Tax Fees(c) | 63,042 | 34,507 |
| All Other Fees(d) | 1,914 | 17,040 |
| Total | $ 2,016,089(e) | $ 1,314,184 |

(a) Represents aggregate fees in connection with the audit of the Company's annual financial statements, internal controls over financial reporting, and review of the Company's quarterly financial statements or services normally provided by Deloitte & Touche LLP.

(b) Represents assurance and other activities that are reasonably related to the audit of the Company's financial statements.

(c) Represents aggregate fees in connection with tax compliance, tax advice and tax planning.

(d) Represents aggregate fees for products and services other than audit fees, audit related fees and tax fees.

(e) 2019 fees increase is due to the timing of billings received in the current fiscal year.

This report is submitted by:

Joseph A. Fiorita, Jr.
Chairman

Walter M. Fiederowicz

Mitchell G. Tyson

**EXECUTIVE OFFICERS**

The names of the executive officers (the "Named Executive Officers") of the Company are set forth below together with the positions held by each person in the Company. All executive officers are elected annually by the Board of Directors and serve until their successors are duly elected and qualified.

| Name and Age | Position | Served as an Executive Officer Since |
|---|---|---|
| Richelle E. Burr, 55 | Executive Vice President, Chief Administrative Officer, General Counsel and Secretary | 2010 |
| John P. Jordan, 74 | Executive Vice President, Chief Financial Officer | 2017 |
| Peter S. Kirlin, 59 | Chief Executive Officer | 2008 |
| Frank Lee, 67 | President of Asia IC Photomask | 2018 |
| Constantine S. Macricostas, 84 | Chairman | 2008 |
| Christopher J. Progler, 56 | Executive Vice President, Chief Technology Officer and Strategic Planning | 2004 |

**Richelle E. Burr** joined Photronics in 2003 as Corporate Counsel. Ms. Burr was promoted to Executive Vice President and Chief Administrative Officer in January of 2020. She was promoted to Vice President, Associate General Counsel in 2008 and was appointed Secretary in April of 2009 prior to her appointment as General Counsel in January 2010. Ms. Burr serves on the management board of the Company's subsidiaries in Singapore, Taiwan and the United Kingdom and serves as Representative Director of PK, Ltd.

**John P. Jordan** currently Executive Vice President, Chief Financial Officer, was appointed as Senior Vice President, Chief Financial Officer, effective September 5, 2017. Prior to joining Photronics, Mr. Jordan was most recently Vice President, Chief Financial Officer, Treasurer and Controller of AstroNova, Inc. Before joining AstroNova, Mr. Jordan served as Vice President, Chief Financial Officer, and Treasurer of Zygo Corporation from 2011 to 2014. Prior to that he was Vice President, Chief Financial Officer, and Treasurer of Baldwin Technology Company, Inc.

**Dr. Peter S. Kirlin** was appointed Chief Executive Officer on May 4, 2015. Prior to his appointment as Chief Executive Officer, he served as President of the Company beginning in September of 2013. He joined Photronics in August 2008 as Senior Vice President, US and Europe.

**Dr. Frank Lee** became a Named Executive Officer on January 20, 2018. Dr. Lee has been serving as the President of PDMC (formerly PSMC) since 2006. Prior to that he was CEO, NSMC, Ning-PO from 2004 to 2006 and was Fab Director and Senior Advisor for UMC, Hsin-Chu, Taiwan from 2001 to 2004 and, prior to that, he was Executive Vice President of Grace Semiconductor, Shanghai, China from 2000-2001.

**Constantine S. Macricostas** currently services as Chairman of the Board. He ceased being an employee of the Company effective as of January 20, 2018. Additional biographical information for Mr. Macricostas is set forth in Proposal 1.

**Dr. Christopher J. Progler** became an executive officer on June 21, 2006. Dr. Progler was promoted to Executive Vice President in January 2020. Dr. Progler has been employed by Photronics since 2001 starting with the position of Corporate Chief Scientist. He was promoted to Vice President and Chief Technology Officer in 2004. In 2011, Dr. Progler assumed the added responsibility of Strategic Planning for the Company. His current work includes global R&D, product development and strategic ventures. Dr. Progler serves on the management boards of Asia-based photomask joint venture companies PDMC and PDMCX and EUV photoresist company Inpria and micro LED placement company Uniquota.

## COMPENSATION DISCUSSION AND ANALYSIS

The Compensation Committee of the Board of Directors (the "Compensation Committee") is comprised of two of the independent, non-employee members of the Board of Directors. The Compensation Committee is responsible for setting and administering the policies governing compensation of our executive officers. The Compensation Committee reviews and approves, among other things, overall annual performance for the Named Executive Officers (identified in the Summary Compensation Table), as well as, all participants in the Company's 2011 Executive Incentive Compensation Plan ("2011 EICP").

The purpose of this Compensation Discussion and Analysis is to provide material information about the Company's compensation objectives and policies for its Named Executive Officers and to put into perspective the tabular disclosures and related narratives. The following report provides information about our compensation programs and policies, as well as, the outcomes and achievements that resulted in the determination of compensation to our Named Executive Officers. Specific 2019 compensation information for our Chief Executive Officer and the other Named Executive Officers will be outlined in a series of tables following this report.

### Summary

The Company is one of the world's leading manufacturers of photomasks, which are high precision photographic quartz plates containing microscopic images of electronic circuits. Photomasks are a key element in the manufacture of semiconductors and flat panel displays ("FPDs") and are used as masters to transfer circuit patterns onto semiconductor wafers and flat panel substrates during the fabrication of integrated circuits ("ICs") and a variety of FPDs and, to a lesser extent, other types of electrical and optical components. The Company presently operates principally from eleven manufacturing facilities, two of which are located in Europe, three in Taiwan, one in Korea, two in China and three in the United States. Currently, research and development photomask activities for ICs are focused on 14 nanometer node and below and, for FPDs, on AMOLED resolution enhancement (display device technology used in smart watches, mobile devices, laptops and televisions) and introduction of photomasks Generation 10.5+ large glass substrates (3370 x 2940mm or greater).

2019 was one of the best years in the Company's history. We achieved record revenue, introduced new products, began production at two new manufacturing facilities, and delivered against many other strategic objectives. We improved the health of our balance sheet by paying off all remaining convertible debt, while also returning cash to our equity shareholders through share repurchase programs.

Revenue in 2019 was $550.7 million, a record for the Company and an improvement of 3% compared with 2018. Growth was driven by flat panel display (FPD) photomask sales. FPD revenue was a record for the year, improving 21% from the previous year while being heavily weighted to high-end mask sales. Mask demand for active-matrix organic light emitting diode (AMOLED) displays led the way, as a rebound of the premium smartphone market increased demand in Korea, and Chinese customers continued to release new designs for domestic smartphone manufacturers.

In addition to AMOLED, the ramp of our new Hefei factory enabled us to build the first G10.5+ photomasks in China. IC revenue was down 2% on the year, but did finish the year with momentum, achieving record quarterly revenue in the fourth quarter.

Net income attributable to the Company's shareholders was $29.8 million, compared with $42.1 million in 2018. While profitability was lower, it was still an impressive result given the significant headwinds inherent in ramping two manufacturing facilities plus the macro environment we faced. We added two state-of-the-art manufacturing facilities, growing our footprint from 9 to 11 sites, and increased our headcount by 200 highly valued employees, ending the year with 1,775.

Our compensation program for our Named Executive Officers received the support of 90% of the votes cast at our 2019 Annual Meeting of Shareholders. Based on the effectiveness of our compensation program and in consideration of this year's and prior year's approval rate of the advisory vote, the Compensation Committee decided to continue the foundation and fundamentals of the compensation structure for fiscal 2020 and decided that no significant change in its compensation policies should be recommended to the Board.

## Compensation Philosophy

It is important that the Company be able to attract, motivate and retain highly talented individuals at all levels of the organization who are committed to the Company's values and objectives. Accordingly, the Company's compensation philosophy is based on rewarding the Company's executives for their individual and collective efforts and contributions to the Company in a manner that fosters teamwork and leads to the long-term success of the Company. We feel this is in the best interest of our shareholders. The Company also believes that delivering a substantial portion of such rewards in the form of restricted stock aligns the interests of the Company's executives with the interests of shareholders. The Company's compensation program is designed to attract and retain talented employees by providing adequate incentives to achieve its business objectives while not encouraging excessively risky behavior. The Compensation Committee periodically reviews the Company's approach to executive compensation in light of general economic conditions of the semiconductor industry and the Company's performance and reviews the compensation practices of its peers and makes changes when appropriate. Such periodic reviews include giving consideration to the views of the outside advisors whom we typically meet with on an annual basis, and regularly considering the compensation programs and practices among our closest semiconductor capital equipment peer group companies, as well as compensation practices among a broader group of high technology companies.

## Compensation Objectives

Consistent with the Company's philosophy, the Company believes that executive compensation must be competitive with other comparable employers in order for qualified employees to be attracted to, and retained by, the Company and that the Company's compensation practices should provide incentives for driving better business performance and increasing shareholder value. Accordingly, the four primary objectives of the Company's compensation program, as administered by the Compensation Committee are:

- to provide competitive compensation to attract, retain and motivate talented employees and foster teamwork as well as support the Company's achievement of its financial and strategic goals;
- to advance the goals of the Company by aligning executives' interests with shareholder interests;

- to minimize risks associated with compensation; and
- to balance the incentives associated with the program in a way that provides incentives for executives to assess and manage risks associated with the Company's business appropriately, in the context of the Company's business strategy.

**Elements of Compensation**

The Compensation Committee uses three principal components to achieve the Company's primary objectives: base salary, annual cash incentives and stock-based awards. The Company minimizes its perquisites available to its employees as a whole, including its executives.

The Compensation Committee believes that the three principal components of the Company's compensation result in a compensation program that is competitive and aligns the Named Executive Officers' interests with shareholder value creation.

**Base Salary**

Base salaries provide each executive with a fixed, minimum level of cash compensation. The Company believes that it is important for retention, stability, and continuity of leadership that base salaries be competitive with the Company's peers. Base salaries may be increased or decreased depending upon changes in duties or economic conditions.

**Annual Cash Incentives**

Annual cash incentives are used to promote the achievement of specific short-term goals of the Company that correspond to certain goals of the Company set on an annual basis and the underlying metrics relating thereto.

**Stock-Based Awards**

Stock-based awards are the Company's preferred approach to both align the interests of shareholders with the executives, as well as enhance the Company's retention goals. By virtue of the stock-based awards, the Named Executive Officers are shareholders themselves and participate in the gains in value of the Company's stock.

**Determination of Total Compensation**

When determining total compensation, the Compensation Committee assesses five primary factors:

- the overall performance of the Company;
- the Named Executive Officer's role in that performance;
- the compensation previously received by the Named Executive Officer;
- the compensation of similarly situated executive officers working for peer group companies; and
- shareholder feedback.

When linking the Company's performance and the total compensation of the Named Executive Officers, the Compensation Committee uses both the objective metrics provided for under the 2011 EICP, as well as, its subjective assessment of the performance of the Company.

The Compensation Committee meets with the Company's Chief Executive Officer and other senior executives to obtain recommendations with respect to the Company's compensation programs and practices for executives and other employees. The Compensation Committee takes management's recommendations into consideration but is not bound by management's recommendations with respect to executive compensation. When the Compensation Committee evaluates the role of each Named Executive Officer in the performance of the Company it considers both the recommendation and evaluation of such Named Executive Officer by the Chief Executive Officer (the Chief Executive Officer does not evaluate his own performance) and the Compensation Committee's assessment of each Named Executive Officer's leadership qualities, paying particular attention to the scope of his or her duties and the collaboration of such Named Executive Officer with other team members.

In establishing compensation levels for the Company's Named Executive Officers, identified in the Summary Compensation Table, the Compensation Committee considers compensation at eight publicly traded companies in the semiconductor/electronics industries with similar levels of sales and capital. These companies are Advanced Energy Industries, Inc., Axcelis Technologies, Inc., Brooks Automation, Inc., Cabot Microelectronics Corp., Entegris, Inc., FormFactor, Inc., Kulicke & Soffa Industries, Inc., and Veeco Instruments, Inc. Information regarding these companies and their compensation practices is drawn from their proxy statements. Generally, the Compensation Committee believes that the compensation of its executive officers should be set near the median compensation of this comparison group; however, it is also important to the Compensation Committee that compensation reflect individual performance and the Company's results which may warrant compensation up to 20% above or below the median.

In addition, while establishing its compensation policies for a given year, the Compensation Committee will evaluate the results from the most recent shareholder advisory vote on compensation to consider the implications of such advisory vote for the compensation policies and determine whether changes are appropriate. At the 2019 Annual Shareholders Meeting, 90% of the votes cast with respect to the advisory vote on executive compensation voted to approve the executive compensation paid in fiscal 2019. In light of this vote, as well as the Compensation Committee's review of the compensation arrangements discussed above, general market pay practices for its executives, and its assessments of individual and corporate performance, the Compensation Committee determined that no significant change in its compensation policies would be made. The Compensation Committee will consider the results from this year's and future shareholder advisory votes regarding future executive compensation decisions.

The Compensation Committee does not use tally sheets.

**Base Salary**

The Compensation Committee evaluates and establishes base salary levels in light of economic conditions (generally and in the regions where executives work) and in comparison to other similarly situated companies. Base salary is designed to recognize an executive's knowledge, experience level, skill, ability, level of responsibility, and ongoing performance. The Compensation Committee targets base salary for all executives to be at a level consistent with our assessment of their value relative to their peers in the labor market, while also taking into account our need to manage costs. Any recommendations for salary changes to any Named Executive Officers (other than the Chief Executive Officer) are made by the Chief Executive Officer and presented to the Compensation Committee for approval.

In fiscal year 2019, all Named Executive Officers received a 3% salary increase.

In January of fiscal 2020, all Named Executive Officers received a 3% salary increase except that Dr. Christopher Progler was promoted to Executive Vice President and received an 11.5% increase in salary in connection with his promotion. Also in January of fiscal 2020, Ms. Burr was promoted to Executive Vice President and Chief Administrative Officer and she received a 32.3% increase in salary in connection with her promotion.

**Annual Cash Incentives**

Participation in the 2011 EICP is limited to key employees of the Company as designated by the Compensation Committee. The 2011 EICP is administered by the Compensation Committee, which has full power and authority to determine which key employees of the Company receive awards under the 2011 EICP, set performance goals and bonus targets for each fiscal year, interpret and construe the terms of the 2011 EICP and make all determinations it deems necessary in the administration of the 2011 EICP, including any determination with respect to the achievement of performance goals and the application of such achievement to the bonus targets. The 2011 EICP sets out quantitative and qualitative categories of business criteria upon which performance goals are based. The business criteria measures within each category may be assigned different weightings based upon their relative degree of importance as determined by the Compensation Committee.

In the quantitative category, one or more of the following business criteria may be used as performance measures: (i) net sales, (ii) operating income, (iii) net income, (iv) earnings per share of common stock, (v) net cash flows provided by operating activities, (vi) increase in working capital, (vii) return on invested capital, (viii) return on equity, and/or (ix) debt reduction. In the qualitative category, the business criteria relate to objective individual performance, taking into account individual goals and objectives. The performance goals with respect to each category of business criteria are established by the Compensation Committee within ninety days of the commencement of each fiscal year. Annual bonus targets are either expressed as a percentage of current salary or a fixed monetary amount with respect to each performance goal. At the end of each fiscal year for which a bonus may be earned, the Compensation Committee determines each participant's level of achievement of the established performance goals. Consistent with the relevant provisions of the Dodd-Frank Act, the Company will "clawback", or retroactively adjust, if the relevant performance measures that awards are based upon are later restated or otherwise adjusted in a manner that would reduce the size of the award or payment. The Compensation Committee may amend or terminate the 2011 EICP at any time provided that no amendment will be effective prior to approval of the Company's shareholders to the extent such approval is required under listing rules or otherwise required by law.

The Compensation Committee met in January 2019 and established 5 metrics for fiscal 2019 that were to be used under the 2011 EICP. The goals established for 2019 were to: achieve net income target; achieve EBITDA target; execute the China business revenue plan, increase market share via specified business model and enter into long term partnership agreements. Below sets forth the targets and the actual performance of the Company against those targets.

| Metric | Target | Actual Performance |
|---|---|---|
| Achieve EBITDA Target | $115MM | Achieved |
| Achieve Net Income Target | $14.1MM | Achieved |
| Execute China Revenue Business Plans | Competitively Sensitive | Not Achieved |
| Develop and Execute Growth via Business Development | Competitively Sensitive | Achieved |
| Long Term Partnership Agreements | Competitively Sensitive | Achieved |

(1) In accordance with Instruction 4 to Item 402 of Regulation S-K, target information has been omitted with criteria involving confidential trade secrets or confidential commercial or financial information, the disclosure of which would result in competitive harm for the Company.

The EBITDA target for fiscal 2019 of $115 million was based on full year performance (EBITDA as defined in our credit agreement, is GAAP net income plus interest expense, income tax expense, depreciation and amortization, plus (less) special items as defined). The other targets were to achieve net income of $14.l million based on full year performance (net income defined as net income attributable to the Company, which is revenues and income less expenses and net income attributable to non-controlling interests); execute the China revenue business plan; increase market share via a specified model and enter into long term partnership agreements. Each of the five metrics was given equal weight. In order for the Named Executive Officers to be eligible for a cash bonus for fiscal year 2019, the Company was required to meet at least three of the metrics. In October and November of 2019, the Compensation Committee met and reviewed the metrics established for fiscal year 2019 and also reviewed the performance of the Company as a whole for fiscal year 2019. The Compensation Committee met again in December of 2019 and decided to award the following bonuses to the Named Executive Officers based on the achievements of the metrics set forth above. When determining the bonuses, the Compensation Committee considered the fact that 2019 was one of the best years in the Company's history. The Company achieved record revenue, introduced new products, began production at two new manufacturing facilities, and delivered against many other strategic objectives. We improved the health of our balance sheet by paying off all remaining convertible debt, while also returning cash to our equity shareholders through share repurchase programs.

Based on the fact that the Company met 4 out of 5 of the metrics, materially exceeded two of the metrics and greatly achieved two other metrics the Compensation Committee awarded the following bonuses to the Named Executive Officers in December, 2019.

The Bonuses awarded to the Named Executive Officers in December of 2019 were as follows:

| | | |
|---|---|---|
| Ms. Richelle Burr | $ | 105,000 |
| Mr. John P. Jordan | $ | 106,500 |
| Dr. Peter Kirlin | $ | 300,000 |
| Dr. Frank Lee | $ | 107,000 |
| Dr. Christopher J. Progler | $ | 118,000 |

In January 2020, the Compensation Committee met and established goals for fiscal 2020 under the 2011 EICP. The goals established for 2020 are: achieve a specified net income target; achieve a specified EBITDA target; execute the IC business plans in China; execute the FPD business plan in China and augment growth by business development.

**Stock-Based Awards**

The Company's long-term incentive program uses restricted stock and stock options. The Company's equity incentive plan described below allows for the grant of stock options and restricted stock awards to directors and executive officers of the Company, as well as, other employees of the Company.

The Compensation Committee believes that the grant of stock options and restricted stock awards provides a strong link between executive compensation and shareholder return, aligning the long-term interests of its executives with those of the Company's shareholders and thereby promoting strategic planning while minimizing excessive risk.

For the purpose of aiding the Company and its subsidiaries in attracting, retaining, and motivating qualified personnel, the Company adopted a long term equity incentive compensation plan (the "2016 LTEICP") in 2016. We believe that the 2016 LTEICP is essential to the Company's continued success. The awards provided under the 2016 LTEICP are vital to our ability to attract and retain highly skilled individuals to work for the Company and to serve on its Board of Directors.

**Administration**

The 2016 LTEICP is administered by the Compensation Committee. The Compensation Committee has the authority to determine, subject to the provisions of the 2016 LTEICP, who will be granted awards, the terms and conditions of awards, and the number of shares subject to, or the cash amount payable with respect to, an award. The Compensation Committee may also make factual determinations in connection with the administration or interpretation of the 2016 LTEICP. To the extent not prohibited by applicable laws, rules, and regulations, the Compensation Committee may also, from time to time, delegate some or all of its authority under the 2016 LTEICP to a subcommittee or to other persons or groups of persons as it deems necessary, appropriate, or advisable. Additionally, subject to applicable laws, rules and regulations, any authority or responsibility that, under the terms of the 2016 LTEICP may be exercised by the Compensation Committee, may alternatively be exercised by the Board of Directors of the Company.

The granting of equity awards under the 2016 LTEICP is generally decided every November or December. Such equity awards are generally granted in January. Grants to Named Executive Officers under the 2016 LTEICP are based on job responsibilities and the potential for individual contribution impacting the Company's overall performance. When considering grants, the Compensation Committee exercises judgment and discretion, generally using a sliding scale approach and also considers previous stock award grants to align generally with its overall compensation philosophy. For example, the Compensation Committee may consider reducing grants in a particular year when a Named Executive Officer has large realizable gains from stock award grants in previous years. Other than inducement awards to new officers or other awards permitted to be granted outside of a shareholder approved equity plan under NASDAQ rules, the Company makes all grants of restricted stock and stock options pursuant to the terms of the 2016 LTEICP.

The annual granting process generally begins with the Compensation Committee providing direction to the Chief Executive Officer as to the total number of shares available for grant for the year. The Chief Executive Officer then provides individual grant recommendations to the Compensation Committee (except for his own) for review and approval. The Chief Executive Officer's recommendation is a subjective evaluation of the Named Executive Officers' contributions to the Company's future success, the level of incentive compensation previously received, as well as, the market price of the common stock on the date of grant. The Compensation Committee considers the aggregate number of shares available, the number of shares previously awarded and the number of individuals to whom the Company wishes to grant stock options or restricted stock awards. The Compensation Committee reserves the right to consider any factors it considers relevant under the circumstances then prevailing in reaching its determination regarding the amount of each stock option and/or restricted stock award.

The Chief Executive Officer's grant is determined by the Compensation Committee at its sole discretion, based on the Compensation Committee's evaluation of the Chief Executive Officer's expected contribution to the

Company's future success, the level of incentive compensation previously awarded, the overall performance of the Company, a review of the Chief Executive Officer's peer group compensation, and the market price of the Company's common stock on the date of grant.

When determining the long-term incentive grants that were decided in November of 2019 but awarded in January 2020, the Compensation Committee considered the overall performance of the Company in fiscal 2019. The Compensation Committee also reviewed the options and restricted stock awards that were granted last year, as well as the cost of option grants to the Company and the fact that the trend in compensation is moving toward more restricted stock grants and fewer option grants. The Compensation Committee also reviewed the grant history of the Company's peers and the compensation given to peer company Named Executive Officers and based on the totality of its review and analysis the Compensation Committee decided to grant the awards shown below to the Named Executive Officers.

**Eligibility**

The Compensation Committee has the authority under the 2016 LTEICP to select the individuals who will be granted awards from among the officers, employees, directors, non-employee directors, consultants, advisors, and independent contractors of the Company or a subsidiary of the Company.

**Number of Shares Available for Issuance**

A maximum of four million (4,000,000) shares of Common Stock may be issued under the 2016 LTEICP. Such shares may be authorized but unissued shares, shares previously issued and reacquired by the Company, or both. Any shares subject to awards which, for any reason, expire or are terminated or forfeited, become available again for grant under the 2016 LTEICP. Additionally, shares that are tendered or withheld to pay the exercise price of an award or to satisfy tax withholding obligations and exercised shares covered by a stock-settled stock appreciation right will not be available for issuance pursuant to a new award. The Compensation Committee shall have full authority to determine the effect of a change in control, on the vesting, exercisability, settlement, payment or lapse of restrictions applicable to an award under the 2016 LTEICP.

**Types of Awards; Limits**

The Compensation Committee may grant the following types of awards under the 2016 LTEICP: options; restricted stock; restricted stock units; stock appreciation rights; performance stock; performance units; and other awards based on, or related to, shares of the Company's Common Stock. However, the 2016 LTEICP contains various limits with respect to the types of awards, as follows: no more than 15% of the shares measured as of the date the 2016 LTEICP was adopted by the Board and approved by the shareholders can be granted to any participant in any fiscal year; provided, however, that Non-Employee Directors may not receive more than 30,000 shares in any fiscal year.

**Stock Options**

Option awards typically vest 25% per year beginning one year after the grant date, with full vesting on the fourth anniversary of the grant date. Stock options expire ten years after the grant date, unless the employee separates earlier from the Company, at which point vested options expire 30 days after separation. The exercise price is equal to the closing price of our common stock on the date of grant.

**Restricted Stock**

Restricted stock awards typically vest 25% per year beginning one year after the grant date, with full vesting on the fourth anniversary of the grant date. Any shares not fully vested on the date the employee separates from the Company are forfeited. Restricted stock awards granted to the Named Executive Officers vest 25% per year beginning one year after the grant date.

Based on the determination of the Compensation Committee, the following Named Executive Officers were awarded the following grants on January 3, 2020:

| | Restricted Stock |
|---|---|
| Ms. Richelle Burr | 35,000 |
| Mr. John P. Jordan | 35,000 |
| Dr. Peter Kirlin | 85,000 |
| Dr. Frank Lee | 35,000 |
| Dr. Christopher J. Progler | 35,000 |

The shares of restricted stock will vest in four equal increments over the next four years. All stock awards granted are subject to acceptance by the respective recipients of the terms of the stock award agreements.

**Stock Ownership Guidelines**

In December of 2015, the Compensation Committee adopted stock ownership guidelines effective for the calendar year 2016. The ownership requirements will be determined as a multiple of base salary or a non-management director’s annual cash retainer converted to a fixed number of shares as follows: Chairman 2x annual base salary; Chief Executive Officer 2x annual base salary; 1x annual base salary for the Chief Financial Officer; 1x annual base salary for the Chief Technology Officer; 1x annual base salary for the President of Asia IC Photomask SBU; and 1x annual base salary for the General Counsel. Non-Management Directors 2x annual cash retainer fee. Stock that counts towards satisfaction of guidelines includes shares owned outright by the participant, stock held in Photronics’ Employee Stock Purchase Plan, restricted stock issued or granted, whether or not vested, and shares acquired upon stock option exercises. The stock price used to calculate conversion will be the average stock price over the twenty trading days prior to the given date. Participants have five years to achieve their designated ownership level.

**Health and Welfare and Retirement Benefits**

The Named Executive Officers participate in a variety of health and welfare and paid time off benefits designed to allow the Company to retain its workforce. The benefits program enjoyed by the Company’s Named Executive Officers is the same as that offered to all other domestic employees.

The Company does not have a defined benefit pension plan or supplemental retirement plan. However, the Company does have a 401K Savings Plan (the “Plan”). The Plan is a 401(k)-compliant plan which enables participating employees to make contributions from their earnings and share in the contributions the Company makes to a trust fund maintained by the trustee. An account in the trust fund is maintained by the trustee for the Plan. All employees are eligible to participate in the Plan, except for nonresident aliens with no United States earned income from the Company and temporary employees or interns. The minimum amount that an employee can contribute is 1% and the maximum amount is 50%. In fiscal year 2019, the Company provided a matching contribution based on the contributions that participating employees made to the Plan. Participating employees received a matching contribution of 50% of the first 4% of their contribution to the Plan.

**Employment Agreements**

In order to retain the Named Executive Officers and retain continuity of management in the event of an actual or threatened change of control, the Company has entered into employment agreements with each of the Named Executive Officers. Each agreement covers title, duties and responsibilities, and stipulates compensation terms. Each employment agreement also sets forth the severance benefits due in the event of a change in control or termination without cause. These employment agreements are described below under the caption “Certain Agreements.” The estimate of the compensation that would be payable in the event of a change in control or termination without cause is described below under the caption “Potential Payments Upon Termination or Change in Control.” The Compensation Committee believes that these agreements are a competitive requirement to attract and retain highly qualified executive officers. Before authorizing the Company to enter into the employment agreements with the Named Executive Officers, the Compensation Committee analyzed each of the termination and change in control arrangements and determined that each arrangement was advisable and appropriate under the circumstances of the Company and given the circumstances of each of the individual Named Executive Officers. The Compensation Committee will review these arrangements again upon the renewal of each employment agreement.

**Perquisites**

The Company offers very limited perquisites to its executive officers. The use of a company car or a car allowance to employees is provided to the Named Executive Officers as indicated in the Summary Compensation Table.

**Tax and Accounting Impact on Compensation**

Financial reporting and income tax consequences to the Company of individual compensation elements are important considerations for the Compensation Committee when it is analyzing the overall level of compensation and the mix of compensation. Overall, the Compensation Committee seeks to balance its objective of ensuring an effective compensation package for the Named Executive Officers while attempting to ensure the deductibility of such compensation – at the same time ensuring an appropriate and transparent impact on reported earnings and other closely followed financial measures.

Section 162(m) of the Internal Revenue Code ("Section 162(m)") limits the amount of compensation paid to each Named Executive Officer that may be deducted by the Company to $1 million in any year. Historically, prior to the 2017 Tax Cuts and Jobs Act ("TCJA") there was an exception to the $1 million limitation for performance-based compensation that met certain requirements. This exception was repealed as part of the TCJA for tax years beginning after December 31, 2017 and thus remains in force for our fiscal 2019 year. Further, a transition rule continuing the exception, to written binding contracts that were in place as of November 2, 2017, provided that those contracts are not materially modified after November 2, 2017, through any subsequent renewal date.

Historically, the compensation paid to our executive officers has not exceeded this limit due to the performance based exception. Following the changes made by the TCJA, whether compensation paid to executive officers exceeds the Section 162(m) limitation will depend in part on whether such compensation qualifies under the transition rule for performance based compensation available for written binding contracts in place on November 2, 2017, and not materially modified (or subsequently renewed) thereafter. To the extent that it is practicable and consistent with the Company's executive compensation philosophy, the Company will maintain the contracts qualified under the transition rule or if it is determined not to be in the best interest of shareholders, the Compensation Committee will abide by its compensation philosophy even if it results in a loss of deductibility.

**CEO Pay Ratio**

As required by the Securities and Exchange Commission rules, we are providing the following information about the ratio of the median annual total compensation of our employees and the annual total compensation of Dr. Kirlin, our CEO. For the year ended October 31, 2019:

- the median of total compensation of all employees of our Company for fiscal 2019 is estimated to be: $26,210.72;
- the total compensation of Dr. Kirlin for fiscal 2019 was $1,651,698; and
- based on this information, the ratio of the annual total compensation of our chief executive officer to the median of the annual total compensation of all other employees is estimated to be 63 to 1.

Excluding our CEO, we identified the median employee by examining the 2019 total annual base salary for all individuals who were employed as of October 31, 2019. We included all our employees, whether full-time or part-time, including any interns. For any employee that we paid in currency other than U.S. Dollars, we then applied the applicable foreign currency exchange rate as of October 31, 2019 to convert such employee's total target compensation into U.S. Dollars.

Once we identified our median employee, we added together all of the elements of such employee's compensation for 2019 in the same way that we calculate the annual total compensation of our named executive officers in the Summary Compensation Table including overtime, bonus, matching contribution pursuant to the Company 401(k) savings and profit sharing and vacation payout, if applicable. To calculate our ratio, we used Dr. Kirlin's salary for fiscal 2019 plus his bonus for fiscal 2019 performance plus his stock award granted in fiscal 2019 plus personal use of a Company car and matching contribution pursuant to the Company's 401(k) Savings and Profit Sharing Plan and divided that amount by the median employee's annual total compensation.

## COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Compensation Committee, comprised of independent directors, reviewed and discussed the above Compensation Discussion and Analysis (CD&A) with the Company's management. Based on the review and discussions, the Compensation Committee recommended to the Company's Board of Directors that the CD&A be included in these Proxy Materials.

Respectfully submitted,

Walter M. Fiederowicz, Chairman
Joseph A. Fiorita, Jr.

## EXECUTIVE COMPENSATION

The following table sets forth certain information regarding compensation paid or accrued by the Company for services rendered for the three-year period ended October 31, 2019, to each of the individuals who served (i) as the Chief Executive Officer; (ii) Chief Financial Officer and (iii) the three other most highly compensated executive officers of the Company whose total salary and bonus exceeded $100,000 (the “Named Executive Officers”).

### SUMMARY COMPENSATION TABLE

| Name and Principal Position | Year | Salary ($) | Bonus ($) | Stock Awards ($)(1) | Option Awards ($)(2) | All Other Compensation ($) | Total ($) |
|---|---|---|---|---|---|---|---|
| **Richelle Burr** | 2019 | 275,940 | 105,000 | 264,060 | | 17,694(3) | 662,694 |
| Vice President General Counsel | 2018 | 266,102 | 107,000 | 129,000 | 41,040 | 13,649(3) | 556,791 |
| and Secretary | 2017 | 260,000 | 40,000 | 170,250 | 53,940 | 14,200(3) | 538,390 |
| **John P. Jordan** | 2019 | 355,350 | 106,500 | 352,080 | | 17,400(4) | 831,330 |
| Senior Vice President, | 2018 | 345,000 | 138,000 | | | 17,931(4) | 500,931 |
| Chief Financial Officer | 2017 | 39,808 | | 232,500 | | 2,000(4) | 274,308 |
| **Peter S. Kirlin** | 2019 | 610,018 | 300,000 | 733,500 | | 8,180(5) | 1,651,698 |
| Chief Executive Officer | 2018 | 591,001 | 390,000 | 516,000 | 41,040 | 8,132(5) | 1,546,173 |
| | 2017 | 575,000 | 70,000 | 425,625 | 103,385 | 8,137(5) | 1,182,147 |
| **Frank Lee** | 2019 | 428,926 | 107,000 | 391,200 | | | 927,126 |
| President, Asia IC Photomask | 2018 | 419,027 | 209,514 | 154,800 | 54,720 | | 838,061 |
| **Christopher J. Progler** | 2019 | 358,722 | 118,000 | 312,960 | | 17,400(6) | 807,082 |
| Vice President, Chief | 2018 | 345,933 | 141,000 | 129,000 | 41,040 | 17,400(6) | 674,373 |
| Technology Officer, | 2017 | 337,365 | 35,000 | 170,250 | 53,940 | 17,527(6) | 614,082 |
| Strategic Planning | | | | | | | |

(1) The amounts shown in the “Stock Awards” column represents the closing price of the Company’s Common Stock on the date of grant multiplied by the number of shares awarded in accordance with ASC No. 718.

(2) The amounts included in this column represent the grant date fair value of the options calculated in accordance with ASC No. 718. The assumptions used in determining the fair value of these options are set forth in Note 8 of the Company’s Annual Report on Form 10-K.

(3) Represents car allowance, matching contribution pursuant to the Company’s 401(k) Savings and Profit Sharing Plan, and other Company sponsored benefits.

(4) Represents car allowance, matching contribution pursuant to the Company’s 401(k) Savings and Profit Sharing Plan, and other Company sponsored benefits.

(5) Represents car allowance for personal use of a Company car and matching contribution pursuant to the Company’s 401(k) Savings, and Profit Sharing Plan and other Company sponsored benefits.

(6) Represents car allowance and matching contribution pursuant to the Company’s 401(k) Savings and Profit Sharing Plan, and other Company sponsored benefits.

## GRANT OF PLAN-BASED AWARDS TABLE

**During the fiscal year ended October 31, 2019, the following plan-based awards were granted to the Named Executive Officers**

| Name | Grant Date | Stock Option Awards (#) | Restricted Stock Awards: Number of Shares of Stock(1) | Exercise Price of Option Awards ($) | Grant Date Fair Value of Stock and Option Awards $ |
|---|---|---|---|---|---|
| Richelle Burr | 01/02/2019 | | 27,000 | | $ 264,060 |
| John P. Jordan | 01/02/2019 | | 36,000 | | $ 352,080 |
| Peter S. Kirlin | 01/02/2019 | | 75,000 | | $ 733,500 |
| Frank Lee | 01/02/2019 | | 40,000 | | $ 391,200 |
| Christopher J. Progler | 01/02/2019 | | 32,000 | | $ 312,960 |

(1) Restricted stock awards typically vest 25% per year beginning one year after the grant date, with full vesting on the fourth anniversary of the grant date

See the Compensation Discussion and Analysis for an explanation of the amount of salary and bonus in proportion to total compensation and a description of the material terms of plan based awards.

## OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

| | Option Awards | | | | | Stock Awards | |
|---|---|---|---|---|---|---|---|
| Name | Grant Date | No. of Securities Underlying Unexercised Options (#) Exercisable | No. of Securities Underlying Unexercised Options[1] (#) Un-exercisable | Option Exercise Price ($) | Option Expiration Date | No. of Shares or Units of Stock That Have Not Vested (#) | Market Value of Shares or Units of Stock That Have Not Vested ($) |
| Richelle Burr | 12/10/2010 | 15,000 | | 6.71 | 12/10/2020 | | |
| | 12/9/2011 | 15,000 | | 6.32 | 12/09/2021 | | |
| | 12/7/2012 | 5,625 | | 5.46 | 12/7/2022 | | |
| | 12/13/2013 | 25,000 | | 8.86 | 12/13/2023 | | |
| | 12/19/2014 | 25,000 | | 8.23 | 12/19/2024 | | |
| | 1/4/2016 | | | | | 1,063[2] | 12,543 |
| | 1/4/2016 | 19,125 | 6,375 | 12.13 | 1/4/2026 | | |
| | 1/3/2017 | | | | | 7,500[2] | 88,500 |
| | 1/3/2017 | 7,500 | 7,500 | 11.35 | 1/3/2027 | | |
| | 1/2/2018 | | | | | 11,250[2] | 132,750 |
| | 1/2/2018 | 3,750 | 11,250 | 8.60 | 1/2/2028 | | |
| | 1/2/2019 | | | | | 27,000[2] | 318,600 |
| John P. Jordan | 9/5/2017 | | | | | 15,000[2] | 177,000 |
| | 1/2/2019 | | | | | 36,000[2] | 424,800 |
| Peter S. Kirlin | 12/7/2012 | 33,000 | | 5.46 | 12/7/2022 | | |
| | 12/13/2013 | 45,000 | | 8.86 | 12/13/2023 | | |
| | 12/19/2014 | 45,000 | | 8.23 | 12/19/2024 | | |
| | 5/4/2015 | 50,000 | | 8.84 | 5/4/2025 | | |
| | 1/4/2016 | | | | | 3,125[2] | 36,875 |
| | 1/4/2016 | 45,000 | 15,000 | 12.13 | 1/4/2026 | | |
| | 1/3/2017 | | | | | 18,750[2] | 221,250 |
| | 1/3/2017 | 14,375 | 14,375 | 11.35 | 1/3/2027 | | |
| | 1/2/2018 | | | | | 45,000[2] | 531,000 |
| | 1/2/2018 | 3,750 | 11,250 | 8.60 | 1/2/2028 | | |
| | 1/2/2019 | | | | | 75,000 | 885,000 |
| Frank Lee | 7/21/2010 | 30,000 | | 4.60 | 7/21/2020 | | |
| | 2/4/2011 | 12,000 | | 6.71 | 2/4/2021 | | |
| | 12/9/2011 | 15,000 | | 6.32 | 12/9/2021 | | |
| | 12/7/2012 | 30,000 | | 5.46 | 12/7/2022 | | |
| | 12/13/2013 | 30,000 | | 8.86 | 12/13/2023 | | |
| | 12/19/2014 | 30,000 | | 8.23 | 12/19/2024 | | |
| | 1/4/2016 | | | | | 1,325[2] | 15,635 |
| | 1/4/2016 | 24,750 | 8,250 | 12.13 | 1/4/2026 | | |
| | 1/3/2017 | | | | | 9,000[2] | 106,200 |
| | 1/3/2017 | 10,000 | 10,000 | 11.35 | 1/3/2027 | | |
| | 3/7/2017 | | | | | 2,500[2] | 29,500 |
| | 3/7/2017 | 5,000 | 5,000 | 10.75 | 3/7/2027 | | |
| | 1/2/2018 | | | | | 13,500[2] | 159,300 |
| | 1/2/2018 | 5,000 | 15,000 | 8.60 | 1/2/2028 | | |
| | 1/2/2019 | | | | | 40,000 | 472,000 |

| Name | Grant Date | Option Awards<br>No. of Securities Underlying Unexercised Options (#) Exercisable | No. of Securities Underlying Unexercised Options[1] (#) Un-exercisable | Option Exercise Price ($) | Option Expiration Date | Stock Awards<br>No. of Shares or Units of Stock That Have Not Vested (#) | Market Value of Shares or Units of Stock That Have Not Vested ($) |
|---|---|---|---|---|---|---|---|
| Christopher J. Progler | 12/10/2010 | 6,592 | | 6.71 | 12/10/2020 | | |
| | 12/9/2011 | 17,500 | | 6.32 | 12/9/2021 | | |
| | 12/7/2012 | 26,450 | | 5.46 | 12/7/2022 | | |
| | 12/13/2013 | 33,000 | | 8.86 | 12/13/2023 | | |
| | 12/19/2014 | 33,000 | | 8.23 | 12/19/2024 | | |
| | 1/4/2016 | | | | | 1,400[2] | 16,520 |
| | 1/4/2016 | 24,750 | 8,250 | 12.13 | 1/4/2026 | | |
| | 1/3/2017 | | | | | 7,500[2] | 88,500 |
| | 1/3/2017 | 7,500 | 7,500 | 11.35 | 1/3/2027 | | |
| | 1/2/2018 | | | | | 11,250[2] | 132,750 |
| | 1/2/2018 | 3,750 | 11,250 | 8.60 | 1/2/2028 | | |
| | 1/2/2019 | | | | | 32,000[2] | 377,600 |

(1) The options vest 25% on each of the first 4 anniversaries of the date of the grant.

(2) Represents restricted stock awards which vest 25% on each of the first 4 anniversaries of the date of the grant.

## OPTION EXERCISES AND STOCK VESTED FISCAL YEAR ENDED OCTOBER 31, 2019

| Name (a) | Option Awards<br>No. of Shares Acquired On Exercise (#)(b) | Value Realized on Exercise ($)(c) | Stock Awards<br>No. of Shares Acquired on Vesting (#)(d) | Value Realized on Vesting ($)(e) |
|---|---|---|---|---|
| Richelle Burr | 0 | 0 | 9,604 | 98,848 |
| John P. Jordan | 0 | 0 | 7,500 | 58,125 |
| Peter S. Kirlin | 20,000 | 134,200 | 31,875 | 320,875 |
| Frank Lee | 6,000 | 26,520 | 12,825 | 132,623 |
| Christopher J. Progler | 26,193 | 130,871.03 | 10,275 | 106,514 |

## CERTAIN AGREEMENTS

Ms. Burr and the Company entered into a three-year employment agreement dated May 21, 2010. The agreement provided for a base salary of $170,000. The Compensation Committee or the Board of Directors reviews Ms. Burr's base salary from time to time in accordance with normal business practices of the Company and as a result of such review may increase her base salary. Ms. Burr's current base salary is $365,022. Ms. Burr received a bonus of $105,000 in December 2019 and received a 32.3% salary increase in January of 2020 in connection with a promotion. Ms. Burr's agreement is automatically extended for consecutive one-year periods unless the Company gives at least 30 days' notice of its intent not to renew. Ms. Burr is entitled to participate in employee benefit plans and arrangements as established by the Company for similarly situated executives. Ms. Burr is also entitled to receive an automobile allowance or company car in accordance with the Company's policies and provisions applicable to other similarly situated executives of the Company. If the agreement is terminated by the Company for reasons other than for “cause” or Ms. Burr resigns for “good reason”, Ms. Burr will receive a payment equal to 100% of her base salary paid out over 12 months. The agreement also provides severance payments equal to 150% of her base salary payable over 18 months in the event of involuntary termination other than for “cause” (including a resignation for “good reason”) following a “change in control” and Ms. Burr's stock options or similar rights will become immediately vested. Ms. Burr has agreed not to engage in any activity that competes with the Company's business during the term of her employment agreement and for twelve months thereafter.

John P. Jordan and the Company entered into a three-year employment agreement dated September 5, 2017. The agreement provided for a base salary of $345,000 per year. The Compensation Committee or the Board of Directors will review Mr. Jordan's base salary from time to time in accordance with normal business practices of the Company, and as a result of such reviews, may increase his base salary. Mr. Jordan's current salary is $366,010. Mr. Jordan received a bonus of $106,500 in December 2019 and a 3% increase was granted in January 2020. The agreement is automatically extended for consecutive oneyear periods unless the Company gives at least 30 days' notice of its intent not to renew. Mr. Jordan is entitled to participate in employee benefit plans and arrangements as established by the Company for similarly situated executives. Mr. Jordan is also entitled to receive an automobile allowance in accordance with the Company's policies and provisions applicable to other similarly situated executives of the Company. If the agreement is terminated by the Company for reasons other than for “cause,” or Mr. Jordan resigns for “good reason,” Mr. Jordan will receive a payment equal to 100% of his base salary paid out over 12 months. The agreement also provides severance payments equal to 150% of his base salary payable over 18 months in the event of involuntary termination other than for “cause” (including a resignation for “good reason”) following a “change in control” and Mr. Jordan’s stock options or similar rights will become immediately vested. Mr. Jordan has agreed not to engage in any activity that competes with the Company's business during the term of his employment agreement and for twelve months thereafter.

Dr. Kirlin and the Company entered into a three year employment agreement dated May 21, 2010, which was amended May 4, 2015. The agreement provided for a base salary of $525,000. The Compensation Committee or the Board of Directors reviews Dr. Kirlin's base salary from time to time in accordance with normal business practices of the Company and as a result of such review may increase his base salary. Dr. Kirlin's current base salary is $628,318. Dr. Kirlin received a bonus of $300,000 in December 2019 and a 3% increase in January 2020. Dr. Kirlin's agreement is automatically extended for consecutive 1 year periods unless the Company gives at least 30 days' notice of its intent not to renew. Dr. Kirlin is entitled to participate in employee benefit plans and arrangements as established by the Company for similarly situated executives. Dr. Kirlin is also entitled to receive an automobile allowance or company car in accordance with the Company's policies and provisions applicable to other similarly situated executives of the Company. If the agreement is terminated by the Company for reasons other than for “cause,” or Dr. Kirlin resigns for “good reason,” Dr. Kirlin will receive a payment equal to 100% of his base salary paid out over twelve months. The agreement also provides severance payments equal to 150% of his base salary payable over 18 months in the event of involuntary termination other than for “cause” (including a resignation for “good reason”) following a “change in control” and Dr. Kirlin's stock options or similar rights will become immediately vested. Dr. Kirlin has agreed not to engage in any activity that competes with the Company's business during the term of his employment agreement and for twelve months thereafter.

Dr. Lee and the Company entered into a three-year employment agreement dated October 31, 2019. The agreement provided for a base salary of $428,926 per year. The Compensation Committee or the Board of Directors of Photronics reviews Dr. Lee’s base salary from time to time in accordance with normal business practices of the Company, and as a result of such reviews, may increase his base salary. Dr. Lee’s current base salary is $441,794. Dr. Lee received a bonus of $107,000 in December 2019 and a 3% salary increase was granted in January 2020. The agreement is automatically extended for consecutive one-year periods unless the Company gives at least 30 days’ notice of its intent not to renew. Dr. Lee is entitled to participant in employee benefits plans and arrangements as established by the Company for similarly situated executives. Dr. Lee is also entitled to receive an automobile allowance in accordance with the Company’s policies and provisions applicable to other similarly situated executives of the company. If the agreement is terminated by the company for reasons other than for “cause”, or Dr. Lee resigns for “good reason”, Dr. Lee will receive a payment equal to 100% of his base salary paid out over 12 months. The agreement also provides severance payments equal to 150% of his base salary payable over 18 months in the event of involuntary termination other than for “cause” (including resignation for “good reason”) following a “change in control” and Dr. Lee’s stock options or similar rights will become immediately vested. Dr. Lee has agreed not to engage in any activity that competes with the Company’s business during the term of his employment agreement and for twelve months after.

Dr. Progler and the Company entered into a three-year employment agreement dated September 10, 2007. The agreement provided for a base salary of $243,000 per year. The Compensation Committee or the Board of Directors reviews Dr. Progler's base salary from time to time in accordance with normal business practices of the Company, and as a result of such reviews may increase his base salary. Dr. Progler's current base salary is $400,004, which reflects a 11% salary increase in relation to his promotion in January, 2020 to Executive Vice President. Dr. Progler received a bonus of $118,000 in December 2019. The agreement is automatically extended for consecutive 1 year periods unless the Company gives at least 30 days' notice of its intent not to renew. Dr. Progler is entitled to participate in employee benefit plans and arrangements as established by the Company for similarly situated executives. Dr. Progler is also entitled to receive an automobile allowance or company car in accordance with the Company's policies and provisions applicable to other similarly situated executives of the Company. If the agreement is terminated by the Company for reasons other than for “cause” or Mr. Progler resigns for “good reason”, Mr. Progler will receive a payment equal to 100% of his base salary paid out over 12 months. The agreement also provides severance payments equal to 150% of his base salary payable over 18 months in the event of involuntary termination other than for “cause” (including a resignation for “good reason”) following a “change in control” and Mr. Progler's stock options or similar rights will become immediately vested. Mr. Progler has agreed not to engage in any activity that competes with the Company's business during the term of his employment agreement and for twelve months thereafter.

For purposes of the foregoing, “good reason” means the relocation of the Company's principal executive offices outside the United States without the employee's consent or any reduction in his salary or health benefits without the employee's consent.

## EQUITY COMPENSATION PLAN INFORMATION

| Plan Category | No. of Shares to be issued upon exercise of outstanding options, warrants and rights (a) | Weighted-average exercise price of outstanding options, warrants, and rights (b) | No. of Shares remaining available for future issuance under equity compensation plans (excluding securities reflected in column) (c) |
|---|---|---|---|
| Equity Compensation Plan Approved by Shareholders | 2,810,880 | $ 9.16 | 2,690,092[1] |
| Equity Compensation Plans Not Approved by Shareholders | 0 | 0 | 0 |
| Total | 2,810,880 | $ 9.16 | 2,690,092 |

(1) Represents shares of Photronics Common Stock issuable pursuant to future issuance under the Company's 2016 Long Term Equity Incentive Plan (the "LTEIP") and shares available under the Company's Employee Stock Purchase Plan.

## POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

Ms. Burr, Dr. Kirlin, Dr. Lee, Dr. Progler, and Mr. Jordan have employment agreements with the Company that provide for severance payments in the event of termination by the Company without cause, termination upon a change of control, or resignation by such Named Executive Officer with good reason. The employment agreements are further described above under the caption "Certain Agreements".

The table below was prepared as if the Named Executives Officer's employment was terminated as of October 31, 2019, the last business day of our 2019 fiscal year and, if applicable, a change in control occurred on that date. The table also utilizes the closing share price of Photronics Common Stock on October 31, 2019.

| Name | Severance Payment ($)(1) | Benefit Plans ($)(2) | Options ($)(3) | Restricted Stock ($)(4) | Total ($) |
|---|---|---|---|---|---|
| **Richelle Burr** | | | | | |
| Termination without cause or resignation for good reason. | 275,940 | 18,000 | | | 293,940 |
| Termination upon change of control | 413,910 | 18,000 | 27,375 | 552,393 | 1,011,678 |
| **John P. Jordan** | | | | | |
| Termination without cause or resignation for good reason. | 355,350 | 18,000 | | | 373,350 |
| Termination upon change of control | 533,025 | 18,000 | | 601,800 | 1,152,825 |
| **Peter S. Kirlin** | | | | | |
| Termination without cause or resignation for good reason. | 610,018 | 18,000 | | | 628,018 |
| Termination upon change of control | 915,027 | 18,000 | 42,469 | 1,674,125 | 2,649,621 |
| **Frank Lee** | | | | | |
| Termination without cause or resignation for good reason. | 428,926 | | | | 428,926 |
| Termination upon change of control | 643,389 | | 57,750 | 782,635 | 1,483,774 |
| **Christopher J. Progler** | | | | | |
| Termination without cause or resignation for good reason. | 358,722 | 18,000 | | | 376,722 |
| Termination upon change of control | 538,083 | 18,000 | 39,375 | 615,370 | 1,210,828 |

(1) Assumes no bonus will be paid as part of the severance payment. The calculation was based on base salary for fiscal 2019.

(2) Assumes a payment of $1,500 per month for COBRA premiums for 12 months.

(3) The value of options assumes all outstanding option awards that are in the money and as of October 31, 2019 were immediately vested upon the change of control, regardless of whether termination of employment, for any reason, has occurred, as provided under the Company's stock incentive plans. The amount is calculated by multiplying the amount of unvested options granted by the closing price on the date of grant and then deducting that number from the number of unvested options granted multiplied by the closing share price on October 31, 2019. The closing price on the date of grant was $8.23 for the award granted on December 19, 2014, $12.13 for the award granted on January 4, 2016, and $11.35 for the award granted on January 3, 2017 and $8.60 for the award granted on January 2, 2018. The closing price on October 31, 2019 was $11.80.

(4) The value of restricted stock assumes all unvested outstanding awards as of October 31,2019, were immediately vested upon the change of control, regardless of whether termination of employment, for any reason has occurred, as provided under the Company's stock incentive plans. In the case of restricted stock the value is based on the number of outstanding shares that would not ordinarily have vested as of October 31, 2019, multiplied by $11.80, the applicable closing share price on October 31, 2019.

## DIRECTORS' COMPENSATION

Directors who are not employees of the Company each received an annual retainer of $40,000 in addition to a fee of $4,000 for each Board meeting attended in fiscal 2019.

Grants of stock as part of the Directors' annual compensation are approved at the first Board meeting of the Company's fiscal year and granted in January. For fiscal 2019, each Director received a restricted stock award of 12,000 shares. The restrictions on the awards lapse quarterly over the one-year service period. We believe that providing part of the directors' annual retainer compensation in the form of equity rather than cash serves to align the interest of our directors with our shareholders as they become shareholders themselves.

Directors who are also employees of the Company are not compensated for serving on the Board.

In fiscal 2019, the Chairman of the Audit Committee received an additional annual retainer of $40,000 and the Vice Chairman received an additional annual retainer of $20,000. In fiscal 2019, the other member of the Audit Committee received an additional annual retainer of $15,000. Members of the Audit Committee receive a per diem payment of $1,250 for travel in connection with the Audit Committee and for Board of Director assignments. The Chairman of the Compensation Committee received an additional annual retainer of $40,000 and the Vice Chairman of the Compensation Committee receives an additional annual retainer of $20,000. In fiscal 2019, the Chairman of the Strategic Planning and Development Committee received an additional annual retainer of $15,000 and the Vice Chairman received an additional annual retainer of $10,000. In fiscal 2019, the Chairman of the Nominating Committee received an additional annual retainer of $20,000 and the Vice Chairman received an additional annual retainer of $10,000. In fiscal 2019, the Chairman of the Cyber Security Committee received an additional annual retainer of $15,000 and the other member of the Cyber Security Committee received a retainer of $10,000. From time to time, management may request the involvement of one or more directors outside of board meetings in connection with the development or consideration of strategic initiatives. The directors are paid an additional $2,500 per diem prorated fee for the time devoted to such matters. Such additional fees shall be paid to the directors in fiscal 2020 if such services are rendered by any director.

At the meeting of the Board of Directors held in December 2019, the Compensation Committee recommended to the Board the compensation to be paid to the Board for fiscal 2020. The Board, after considering this recommendation, then established the annual compensation for the directors. When assessing the directors' compensation, the Compensation Committee reviews the compensation of the directors of its peer group (the peer group is described above in the Compensation Discussion and Analysis), reviewing each element of director compensation including the annual retainer, the committee chair retainer, meeting fees and equity awards to determine whether the amount is competitive and reasonable for the services provided by the directors. We provide higher annual retainers for service as the Chair(s) of the Audit and Compensation Committee. We believe that providing part of the directors' annual retainer compensation in the form of equity rather than cash serves to align the interests of our directors with our shareholders as they become shareholders themselves. The annual retainer for Directors who are not employees for 2020 is $40,000 and a meeting fee of $4,000 per meeting. Grants of stock as part of the Directors' annual compensation are generally made in January. For fiscal 2020, each Director received a restricted stock award of 12,000 shares in January 2020. The restrictions on the awards lapse quarterly over the one-year service period.

In fiscal 2020, the Chairman of the Audit Committee will receive an additional annual retainer of $40,000 and the Vice Chairman will receive an additional annual retainer of $20,000. In fiscal 2020, the other member of the Audit Committee will receive an additional annual retainer of $15,000. Members of the Audit Committee will receive a per diem payment of $2,500 for travel in connection with the Audit Committee and for Board of Director assignments. The Chairman of the Compensation Committee will receive an additional annual retainer of $40,000 and the Vice Chairman of the Compensation Committee will receive an additional annual retainer of $20,000. In fiscal 2020, the Chairman of the Nominating Committee will receive an additional annual retainer of $20,000 and the Vice Chairman will receive an additional annual retainer of $10,000. In fiscal 2020, the Chairman of the Cyber Security Committee will receive an additional annual retainer of $15,000 and the other member of the Cyber Security Committee will receive a retainer of $10,000. From time to time, management may request the involvement of one or more directors outside of board meetings in connection with the development or consideration of strategic initiatives. The directors may earn an additional $2,500 per diem prorated fee for the time devoted to such matters.

## DIRECTOR COMPENSATION TABLE

| Name | Fees Earned or Paid in Cash ($) | Stock Awards ($) | Total ($) |
|---|---|---|---|
| **Walter M. Fiederowicz** | 124,000(2) | 117,360(1) | 241,360 |
| **Joseph A. Fiorita** | 124,000(3) | 117,360(1) | 219,200 |
| **Constantine Macricostas** | 74,000(4) | 117,360(1) | 191,360 |
| **George Macricostas** | 89,000(5) | 117,360(1) | 206,360 |
| **Mary Paladino** | 10,000(6) | 35,850(6) | 45,850 |
| **Mitchell G. Tyson** | 99,000(7) | 117,360(1) | 216,360 |
| **Liang-Choo Hsia** | 89,000(8) | 117,360(1) | 206,360 |

(1) The amounts shown represents 12,000 shares of restricted stock granted on January 2, 2019 with a closing stock price of $9.78. The restricted stock vests quarterly over a year.

(2) Represents $40,000 as an annual retainer, $40,000 as Chairman of the Compensation Committee, $20,000 as Vice Chairman of the Audit Committee, and $24,000 for meeting fees (6 meetings at $4,000 per meeting).

(3) Represents $40,000 as an annual retainer, $40,000 as Chairman of the Audit Committee, $20,000 as Vice Chairman of the Compensation Committee, and $24,000 for meeting fees (6 meetings at $4,000 per meeting).

(4) Represents $40,000 as an annual retainer, $10,000 as a member of the Cyber Security Committee, and $24,000 for meeting fees (6 meetings at $4,000 per meeting).

(5) Represents $40,000 as an annual retainer, $15,000 as Chairman of the Cyber Security Committee, $10,000 as a member of the Strategic Planning and Technology Development Committee, and $24,000 for meeting fees (6 meetings at $4,000 per meeting).

(6) Represents $10,000 as pro-rated annual retainer, and 3,000 shares of restricted stock granted on November 1, 2019 with a closing stock price of $11.95.

(7) Represents $40,000 as an annual retainer and $15,000 as a member of the Audit Committee, $20,000 as Chairman of the Nominating Committee, and $24,000 for meeting fees (6 meetings at $4,000 per meeting).

(8) Represents $40,000 as an annual retainer, $15,000 as Chairman of the Strategic Planning and Technology Development Committee, $10,000 as Member of the Nominating Committee, and $24,000 for meeting fees (6 meetings at $4,000 per meeting).

## COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During fiscal 2019, no members of the Compensation Committee were officers or employees of the Company or any of its subsidiaries. During fiscal 2019, no executive officers of the Company served on the Compensation Committee or the Board of Directors of another entity whose executive officers served on the Company’s Compensation Committee.

## PROPOSAL 2 RATIFICATION OF THE SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has selected Deloitte & Touche LLP (“D&T”), independent registered public accounting firm, to audit the consolidated financial statements of the Company and its subsidiaries for the fiscal year ending October 31, 2020. We are asking you to ratify this selection at the meeting.

A representative of D&T will be available to answer appropriate questions and may make a statement.

Approval of this proposal to ratify the appointment of D&T requires a majority of the votes cast by the shareholders entitled to vote at the Annual Meeting.

**THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE “FOR” RATIFYING THE SELECTION OF D&T AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING OCTOBER 31, 2020**

## PROPOSAL 3
## TO APPROVE THE COMPANY’S ENTRY INTO THE SECTION 382 RIGHTS AGREEMENT AND THE DISTRIBUTION OF THE PREFERRED SHARE PURCHASE RIGHTS

On September 12, 2019, the Board of Directors declared a dividend of one preferred shares purchase right (a “Right”), payable on or about October 1, 2019, for each share of Common Stock outstanding on September 30, 2019 (the “Record Date”) to the Company’s stockholders of record on that date. In connection with the distribution of the Rights, the Company entered into a Section 382 Rights Agreement (the “Rights Agreement”), dated as of September 23, 2019, between the Company and Computershare Trust Company, N.A., a federally chartered trust company, as rights agent. Each Right entitles the registered holder to purchase from the Company one one-thousandth of a share of Series A preferred stock, par value $0.01 per share, of the Company (the “Preferred Shares”) at a price of $33.63 per one one-thousandth of a Preferred Share represented by a Right, subject to adjustment. The Rights Agreement is filed as Exhibit 4.1 to the Current Report on Form 8-K filed by the Company with the SEC on September 24, 2019.

The purpose of the Rights Agreement is to protect value by preserving the Company’s ability to use its Tax Attributes (as such term is defined in the Rights Agreement) to offset potential future income taxes for federal income tax purposes. The Company’s ability to use its Tax Attributes would be substantially limited if it experiences an “ownership change,” as such term is defined in Section 382 of the Internal Revenue Code of 1986, as amended (the “Code”). A company generally experiences an ownership change if the percentage of its shares of stock owned by its “5-percent shareholders,” as such term is defined in Section 382 of the Code, increases by more than 50 percentage points over a rolling three-year period. The Rights Agreement is intended to reduce the likelihood of an ownership change under Section 382 of the Code by deterring any Person (as such term is defined in the Rights Agreement) or group of affiliated or associated Persons from acquiring Beneficial Ownership (as defined below) of 4.9% or more of the outstanding Common Stock. The Rights are in all respects subject to and governed by the provisions of the Rights Agreement.

The Rights Agreement provides that it will expire if not approved by a majority of the votes cast at our 2020 Annual Meeting or any other meeting of our stockholders held within one year of the Company’s entry into the Rights Agreement. Consistent with our recommendation, we note that our entry into the Rights Agreement does not and will not weaken the financial strength of the Company or affect our business plans. Issuance of the Rights:

- has no dilutive effect on the value of the Common Stock;
- will not affect reported earnings per share;
- is not taxable to the Company or to you; and
- will not change how you can trade the Common Stock.

The Rights will be exercisable only if and when a situation arises that the Rights were intended to address.

### Description of the Rights

Until a Right is exercised, the holder thereof, as such, will have no rights as a stockholder of the Company, including, without limitation, the right to vote or to receive dividends. In connection with the distribution of the Rights, the Company entered into a Section 382 Rights Agreement (the “Rights Agreement”), dated as of September 23, 2019, between the Company and Computershare Trust Company, N.A., a federally chartered trust company, as rights agent. The Rights are in all respects subject to and governed by the provisions of the Rights Agreement.

Initially, the Rights will be attached to all Common Stock certificates (or other evidence of book-entry or other uncertificated ownership) and no separate certificates evidencing the Rights (“Right Certificates”) will be issued. Until the Distribution Date (as defined below), the Rights will be transferred with and only with the Common Stock. As long as the Rights are attached to the Common Stock, the Company will issue one (1) Right with each new share of Common Stock so that all such shares of Common Stock will have Rights attached (subject to certain limited exceptions).

The Rights will separate and begin trading separately from the Common Stock, and Right Certificates will be caused to evidence the Rights, on the earlier to occur of (i) the Close of Business (as such term is defined in the Rights Agreement) on the tenth day following a public announcement, or the public disclosure of facts indicating (or the Company's Board of Directors becoming aware), that a Person or group of affiliated or associated Persons has acquired Beneficial Ownership of 4.9% or more of the outstanding Common Stock (an "Acquiring Person") (or, in the event that the Board of Directors determines to effect an exchange in accordance with Section 24 of the Rights Agreement and the Board of Directors determines that a later date is advisable, then such later date) and (ii) the Close of Business on the tenth ($10^{th}$) Business Day (as such term is defined in the Rights Agreement) (or such later date as may be determined by action of the Board of Directors prior to such time as any Person becomes an Acquiring Person) following the commencement of, or the first public announcement of the intention to commence, a tender offer or exchange offer the consummation of which would result in the Beneficial Ownership by a Person or group of 4.9% or more of the outstanding Common Stock (the earlier of such dates, the "Distribution Date"). As soon as practicable after the Distribution Date, unless the Rights are recorded in book-entry or other uncertificated form, the Company will prepare and cause the Right Certificates to be sent to each record holder of Common Stock as of the Distribution Date.

An "Acquiring Person" will not include (i) the Company, (ii) any Subsidiary (as such term is defined in the Rights Agreement) of the Company, (iii) any employee benefit plan of the Company or of any Subsidiary of the Company, (iv) any entity holding Common Stock for or pursuant to the terms of any such employee benefit plan or (v) any Person who or which, together with all Affiliates and Associates (as such terms are defined in the Rights Agreement) of such Person, at the time of the first public announcement of the Rights Agreement, is a Beneficial Owner of 4.9% or more of the Common Stock then outstanding (a "Grandfathered Stockholder"). However, if a Grandfathered Stockholder becomes, after such time, the Beneficial Owner of any additional shares of Common Stock (regardless of whether, thereafter or as a result thereof, there is an increase, decrease or no change in the percentage of Common Stock then outstanding Beneficially Owned (as such term is defined in the Rights Agreement) by such Grandfathered Stockholder) then such Grandfathered Stockholder shall be deemed to be an Acquiring Person unless, upon such acquisition of Beneficial Ownership of additional shares of Common Stock, such person is not the Beneficial Owner of 4.9% or more of the Common Stock then outstanding. In addition, upon the first decrease of a Grandfathered Stockholder's Beneficial Ownership below 4.9%, such Grandfathered Stockholder will no longer be deemed to be a Grandfathered Stockholder. In the event that after the time of the first public announcement of the Rights Agreement, any agreement, arrangement or understanding pursuant to which any Grandfathered Stockholder is deemed to be the Beneficial Owner of Common Stock expires, is settled in whole or in part, terminates or no longer confers any benefit to or imposes any obligation on the Grandfathered Stockholder, any direct or indirect replacement, extension or substitution of such agreement, arrangement or understanding with respect to the same or different Common Stock that confers Beneficial Ownership of Common Stock shall be considered the acquisition of Beneficial Ownership of additional Common Stock by the Grandfathered Stockholder and render such Grandfathered Stockholder an Acquiring Person for purposes of the Rights Agreement unless, upon such acquisition of Beneficial Ownership of additional shares of Common Stock, such person is not the Beneficial Owner of 4.9% or more of the Common Stock then outstanding.

"Beneficial Ownership" is defined in the Rights Agreement to include any securities (i) which a Person or any of such Person's Affiliates or Associates (a) actually owns (directly or indirectly) or would be deemed to actually or constructively own for purposes of Section 382 of the Code or the Treasury Regulations (as such terms are defined in the Rights Agreement) promulgated thereunder, including any coordinated acquisition of securities by any Persons who have a formal or informal understanding with respect to such acquisition (to the extent ownership of such securities would be attributed to such Persons under Section 382 of the Code and the Treasury Regulations promulgated thereunder), (b) beneficially owns, directly or indirectly, within the meaning of Rules 13d-3 or 13d-5 promulgated under the Exchange Act or (c) has the right or ability to vote, or the right to acquire, pursuant to any agreement, arrangement or understanding (except under limited circumstances), (ii) which are directly or indirectly Beneficially Owned by any other Person with which a Person has any agreement, arrangement or understanding for the purpose of acquiring, holding or voting such securities, or obtaining, changing or influencing control of the Company or (iii) in respect of which a Person or any of such Person's Affiliates or Associates has a derivative position which is capable of being settled, in whole or in part, through delivery of cash or Common Stock (whether on a required or optional basis, and whether such settlement may occur immediately or only after the passage of time, the occurrence of conditions, the satisfaction of regulatory requirements or otherwise). In addition, Persons are not deemed to be part of a group that would constitute an Acquiring Person based on participation in discussions, negotiations or transactions with another Person for the purposes of restructuring the Company's debt.

The Rights are not exercisable until the Distribution Date. The Rights will expire on the earliest to occur of (i) the Close of Business on the day following the certification of the voting results of the Company's 2020 annual meeting of stockholders, if at such stockholder meeting a proposal to approve the Rights Agreement has not been passed by the affirmative vote of the majority of the votes cast at the 2020 annual meeting of stockholders or any other meeting of stockholders of the Company duly held prior to September 22, 2020, (ii) the date on which the Board of Directors determines in its sole discretion that (x) the Rights Agreement is no longer necessary for the preservation of material valuable Tax Attributes or (y) the Tax Attributes have been fully utilized and may no longer be carried forward and (iii) the Close of Business on September 22, 2022 (the "Final Expiration Date").

*Exempt Persons and Transactions*

The Board of Directors may, in its sole and absolute discretion, determine that a Person is exempt from the Rights Agreement (an "Exempt Person"), so long as such determination is made prior to such time as such Person becomes an Acquiring Person. Any Person will cease to be an Exempt Person if the Board of Directors makes a contrary determination with respect to such Person regardless of the reason therefor. In addition, the Board of Directors may, in its sole and absolute discretion, exempt any transaction from triggering the Rights Agreement, so long as the determination in respect of such exemption is made prior to such time as any Person becomes an Acquiring Person. Any Person, together with all Affiliates and Associates of such Person, who proposes to acquire 4.9% or more of the outstanding Common Stock may apply to the Board of Directors in advance for an exemption in accordance with and pursuant to the terms of the Rights Agreement.

*Flip-in Event*

If a Person or group becomes an Acquiring Person at any time after the date of the Rights Agreement (with certain limited exceptions), the Rights will become exercisable for shares of Common Stock having a value equal to two times the exercise price of the Right. From and after the announcement that any Person has become an Acquiring Person, if the Rights evidenced by a Right Certificate are or were acquired or Beneficially Owned by an Acquiring Person or any Associate or Affiliate of an Acquiring Person, such Rights shall become void, and any holder of such Rights shall thereafter have no right to exercise such Rights. If the Board of Directors so elects, the Company may deliver upon payment of the exercise price of a Right an amount of cash, securities or other property equivalent in value to the Common Stock issuable upon exercise of a Right.

*Exchange*

At any time after any Person becomes an Acquiring Person, the Board of Directors may exchange the Rights (other than Rights owned by any Person which have become void), in whole or in part, at an exchange ratio of two shares of Common Stock per Right (subject to adjustment). The Company may issue, transfer or deposit such Common Stock (or other property as permitted under the Rights Agreement) to or into a trust or other entity created upon such terms as the Board of Directors may determine and may direct that all holders of Rights receive such Common Stock or other property only from the trust. In the event the Board of Directors determines, before the Distribution Date, to effect an exchange, the Board of Directors may delay the occurrence of the Distribution Date to such time as it deems advisable.

*Flip-over Event*

If, at any time after a Person becomes an Acquiring Person, (i) the Company consolidates with, or merges with, any other Person (or any Person consolidates with, or merges with, the Company) and, in connection with such consolidation or merger, all or part of the Common Stock are or will be changed into or exchanged for stock or other securities of any other Person or cash or any other property, or (ii) 50% or more of the Company's consolidated assets or Earning Power (as defined in the Rights Agreement) is sold, then proper provision will be made so that each holder of a Right will thereafter have the right to receive, upon the exercise thereof at the then current exercise price of the Right, that number of shares of Common Stock of the acquiring company which at the time of such transaction will have a market value of two times the exercise price of the Right.

*Redemption*

At any time prior to the earlier to occur of (i) the Close of Business on the tenth ($10^{th}$) day following the Stock Acquisition Date (as defined in the Rights Agreement) (or, if the tenth day following the Stock Acquisition Date occurs before the Record Date, the Close of Business on the Record Date) and (ii) the Final Expiration Date, the Board of Directors may redeem the Rights in whole, but not in part, at a price of $0.0001 per Right (the "Redemption Price"). The redemption of the Rights may be made effective at such time, on such basis and with such conditions as the Board of Directors in its sole discretion may establish. Immediately upon any redemption of the Rights, the right to exercise the Rights will terminate and the only right of the holders of Rights will be to receive the Redemption Price.

*Amendment*

The terms of the Rights may be amended by the Board of Directors without the consent of the holders of the Rights, except that from and after such time as any Person becomes an Acquiring Person no such amendment may adversely affect the interests of the holders of the Rights (other than the Acquiring Person and its Affiliates and Associates).

*Preferred Share Rights*

Each one-thousandth of a share of preferred stock will entitle the holder thereof to the same dividends and liquidation rights as if the holder held one share of Common Stock and will be treated the same as Common Stock in the event of a merger, consolidation or other share exchange.

**THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" APPROVING THE COMPANY'S ENTRY INTO THE RIGHTS AGREEMENT AND OUR DISTRIBUTION OF THE RIGHTS**

## PROPOSAL 4
## TO APPROVE, BY NON-BINDING VOTE, THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS

Pursuant to the Dodd-Frank Act, we are asking our shareholders to provide advisory approval of the compensation of our Named Executive Officers, as we have described it in the "Compensation Discussion and Analysis" section of this proxy statement beginning on page 12. While this vote is advisory, and not binding on the Company, it will provide information to our Compensation Committee regarding investor sentiment about our executive compensation philosophy, policies, and practices which the Compensation Committee will be able to consider when determining executive compensation for future years. For the reasons stated below, we are requesting your approval of the following non-binding resolution:

**"RESOLVED, that the compensation paid to the Company's Named Executive Officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion is hereby APPROVED."**

The compensation of our Named Executive Officers and our compensation philosophy policies are comprehensively described in the Compensation Discussion and Analysis, and its accompanying tables (including all footnotes).

The Compensation Committee designs our compensation policies for our Named Executive Officers to create executive compensation arrangements that are competitive, align pay with creating shareholder value and balance compensation risk appropriately in the context of the Company's business strategy. Based on its review of the total compensation of our Named Executive Officers for fiscal year 2019, the Compensation Committee believes that the total compensation for each of the Named Executive Officers is reasonable and effectively achieves the designed objectives of driving Company performance, attracting, retaining and motivating our people, aligning our executives with shareholders' long-term interests, and discouraging excessive risk taking.

Neither the approval nor the disapproval of this resolution will be binding on us or the Board of Directors or will be construed as overruling a decision by us or the Board of Directors. Neither the approval nor the disapproval of this resolution will create or imply any change to our fiduciary duties or create or imply any additional fiduciary duties for us or the Board of Directors.

**THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" APPROVING THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS**

## RELATED PARTY TRANSACTIONS

The Company has an operating policy the purpose of which is to ensure that contracts with entities in which any director, officer, or other member of management has a financial interest are competitively priced and commercially reasonable. Under the policy, any such contract must be reviewed and approved in advance by the Audit Committee. To the extent that anyone on the Audit Committee is the person with a financial interest, the Chief Executive Officer and Chief Financial Officer of the Company will obtain independent assessment of the commercial reasonableness of the contract when considered necessary.

On January 20, 2018, the Company entered into a four-year consulting agreement with DEMA Associates, LLC, for $390,000 per year. In fiscal 2019, we incurred expenses for services provided by this entity of $400,000.

Dr. Frank Lee is related to an individual in a position of authority at one of our largest customers. We recorded revenue from this customer of $87 million in fiscal 2019. As of October 31, 2019, we had accounts receivable of $22.2 million from this customer.

We believe that the terms of our transactions with the related parties described above were negotiated at arm's length and were no less favorable to us than terms we could have obtained from unrelated third parties.

## SOLICITATION OF PROXIES AND COSTS THEREOF

We will bear the costs of solicitation of proxies. We have engaged The Proxy Advisory Group, LLC® to assist us with the solicitation of proxies and provide related advice and informational support for a services fee and the reimbursement of customary disbursements both of which are not expected to exceed $20,000 in the aggregate. In addition to solicitations by mail, The Proxy Advisory Group, LLC and certain of our officers may solicit proxies by telephone, email and personal interviews without additional remuneration. We will request brokers, custodians, and fiduciaries to forward proxy solicitation material to the owners of shares of our common stock that they hold in their names. We will reimburse banks and brokers for their reasonable out-of-pocket expenses incurred in connection with the distribution of our proxy materials.

As of the date of this proxy statement, the Board of Directors knows of no matters which will be presented for consideration at the Annual Meeting of Shareholders other than the proposals set forth in this Proxy Statement. If any other matters properly come before the Annual Meeting of Shareholders the persons named in the proxy will act in respect thereof in accordance with their best judgment.

## DELINQUENT SECTION 16(A) REPORTS

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's executive officers and directors and persons who beneficially own more than ten percent of a registered class of the Company's equity securities to file an initial report of beneficial ownership on Form 3 and changes in beneficial ownership on Form 4 or 5 with the SEC. Executive officers, directors and greater than ten percent shareholders are also required by SEC rules to furnish the Company with copies of all Section 16(a) forms they file. Based solely on its review of the copies of such forms received by it, or written representations from certain reporting persons, the Company believes that during the last fiscal year, all filing requirements applicable to its executive officers, directors, and ten percent shareholders were timely except for one late Form 4 filing for the transaction for Mary Paladino that occurred on November 1, 2019 that was filed on November 7, 2019.

## FORM 10-K AND ADDITIONAL INFORMATION

The Company's annual report filed with the SEC on Form 10-K for the year ended October 31, 2019, which includes audited financial statements and financial statement schedules, will be furnished, free of charge, upon written request directed to the Secretary, Photronics, Inc., 15 Secor Road, Brookfield, Connecticut 06804 (203-775-9000). It can also be accessed on our web site at https://photronicsinc.gcs-web.com/financial-information/annual-reports.

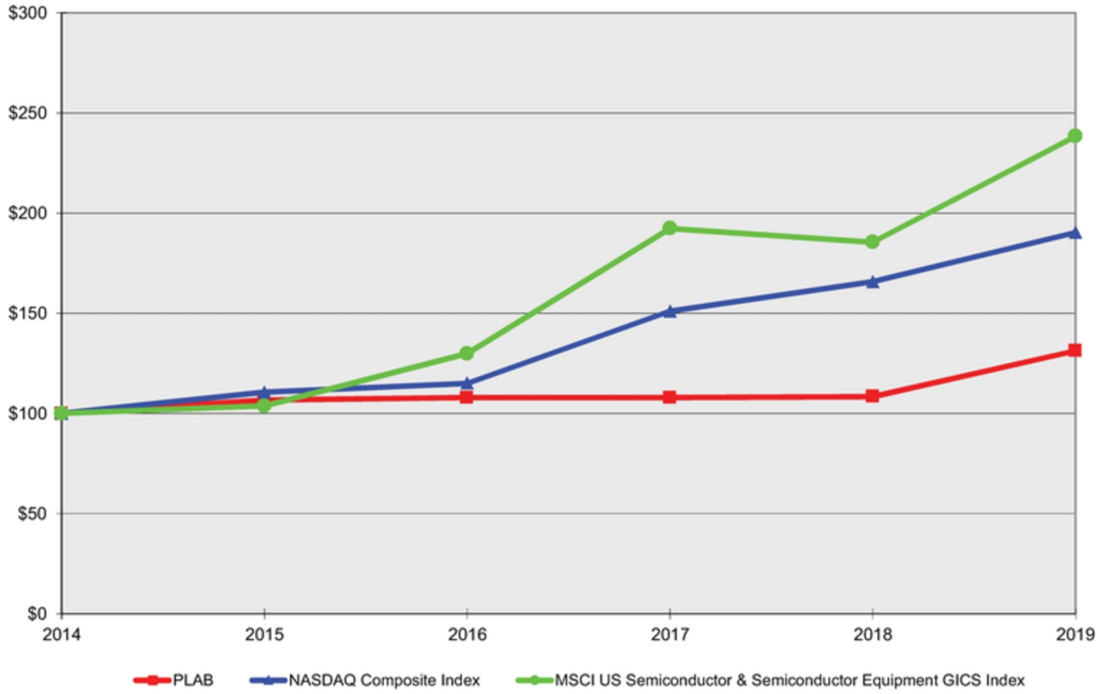
## MULTIPLE SHAREHOLDERS SHARING THE SAME ADDRESS

The Company has adopted a procedure approved by the SEC called "householding" which will reduce our printing costs and postage fees. Under this procedure, multiple shareholders residing at the same address will receive a single copy of the annual report and proxy statement unless the shareholder notifies the Company that they wish to receive individual copies. Shareholders may revoke their consent to householding at any time by contacting Broadridge Financial Services, Inc. either by calling toll-free at (800) 542-1061, or by writing to Broadridge, Householding Department, 51 Mercedes Way, Edgewood, New York, 11717. The Company will remove you from the householding program within 30 days of receipt of your response, following which you will receive an individual copy of our disclosure document.

## SHAREHOLDER PROPOSALS

Under Rule 14a-8 shareholder proposals intended for inclusion in the Company's proxy statement for the 2021 Annual Meeting of Shareholders must be received by the Company no less than 120 calendar days before the date of the Company's proxy statement released to shareholders in connection with the previous year's annual meeting (March 16, 2020) and must meet certain requirements of applicable laws and regulations in order to be considered for possible inclusion in the proxy statement for that meeting. Proposals may be mailed to Photronics, Inc. to the attention of the Secretary, 15 Secor Road, Brookfield, Connecticut 06804. A nomination by a qualifying shareholder may be made only pursuant to timely notice (in the same time frame as a shareholder proposal) in proper written form to the Secretary.

## PERFORMANCE GRAPH



PHOTRONICS


***PHOTRONICS, INC.***
***ATTN: RICHELLE BURR***
***15 SECOR ROAD***
***BROOKFIELD,CT 06804***


**VOTE BY INTERNET - www.proxyvote.com**
Use the Internet to transmit your voting instructions and for electronic delivery of information. Vote by 11:59 P.M. ET on 03/15/2020. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS**
If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

**VOTE BY PHONE - 1-800-690-6903**
Use any touch-tone telephone to transmit your voting instructions. Vote by 11:59 P.M. ET on 03/15/2020. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**
Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

KEEP THIS PORTION FOR YOUR RECORDS

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.**

DETACH AND RETURN THIS PORTION ONLY

**The Board of Directors recommends you vote FOR the following:**

| For All | Withhold All | For All Except |
|---|---|---|
| ▢ | ▢ | ▢ |

To withhold authority to vote for any individual nominee(s), mark "For All Except" and write the number(s) of the nominee(s) on the line below.

______________________________

**1.** Election of Directors

**Nominees**

01 Walter M. Fiederowicz 02 Peter S. Kirlin 03 Constantine Macricostas 04 George Macricostas 05 Mary Paladino
06 Mitchell G. Tyson

**The Board of Directors recommends you vote FOR proposals 2., 3. and 4.**

| | | For | Against | Abstain |
|---|---|---|---|---|
| **2.** | To ratify the selection of Deloitte & Touche LLP as independent registered public accounting firm for the fiscal year ending October 31, 2020. | ▢ | ▢ | ▢ |
| **3.** | To approve the entry into a Section 382 Rights Agreement and the distribution of Preferred Share Purchase Rights to common shareholders. | ▢ | ▢ | ▢ |
| **4** | To approve, by non-binding advisory vote, executive compensation. | ▢ | ▢ | ▢ |

**NOTE**: Such other business as may properly come before the meeting or any adjournment thereof.

For address change/comments, mark here. ▢
(see reverse for instructions)

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name, by authorized officer.

| Signature [PLEASE SIGN WITHIN BOX] | Date | Signature (Joint Owners) | Date |
|---|---|---|---|

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**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:** The Notice of Proxy Statement/10-K Report is available at www.proxyvote.com

## PHOTRONICS, INC.
## Annual Meeting of Shareholders
## March 16, 2020 8:30 AM

The undersigned hereby appoints Richelle E. Burr and John P. Jordan, or either one of them acting in the absence of the other, with full power of substitution, as proxies of the undersigned, and hereby authorizes each or either of them to vote, as designated on the other side, all shares of Common Stock of Photronics, Inc., which the undersigned is entitled to vote if personally present at the 2020 Annual Meeting of Shareholders of Photronics, Inc. to be held at 8:30 a.m. Eastern Time on March 16, 2020, at the Rock Harbor Conference Room in the Reef Tower of the Playa Largo Resort & Spa, 97450 Overseas Highway, Key Largo, Florida 33037, and any adjournments or postponements thereof.

**Address change/comments:**

(If you noted any Address Changes and/or Comments above, please mark corresponding box on the reverse side.)

**Continued and to be signed on reverse side**

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