

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

**FORM 8-K**

**CURRENT REPORT**  
**Pursuant To Section 13 OR 15(d) Of The Securities Exchange Act Of 1934**



Date of report (Date of earliest event reported) December 5, 2006

**PHOTRONICS, INC.**

(Exact name of registrant as specified in its charter)

**Connecticut**  
(State or other jurisdiction  
of incorporation)

**0-15451**  
(Commission File Number)

**06-0854886**  
(IRS Employer  
Identification Number)

**15 Secor Road, Brookfield, CT**  
(Address of Principal Executive Offices)

**06804**  
(Zip Code)

**Registrant's Telephone Number, including area code (203) 775-9000**

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 2.02. Results of Operations and Financial Condition**

On December 5, 2006, the Company issued a press release reporting fiscal fourth quarter 2006 and fiscal year results for the period ended October 29, 2006. A copy of the press release is attached to this 8-K.

**Item 9.01. Financial Statements and Exhibits**

(d) Exhibits

- 99.1 Press Release dated December 5, 2006.
- 99.2 Slides #1 and #2 provided for conference call.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**PHOTRONICS, INC.**

(Registrant)

**DATE December 6, 2005**

**BY /s/ Sean T. Smith**

Sean T. Smith

Senior Vice President and Chief Financial Officer

**PHOTRONICS, INC. AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Income**  
(in thousands, except per share amounts)

	<u>Three Months Ended</u>		<u>Year Ended</u>	
	<u>October 29 2006</u>	<u>October 30 2005</u>	<u>October 29 2006</u>	<u>October 30 2005</u>
Net sales	\$ 115,297	\$ 111,793	\$ 454,875	\$ 440,770
Costs and expenses:				
Cost of sales	79,166	76,660	307,851	295,649
Selling, general and administrative	15,777	14,293	62,215	54,295
Research and development	4,353	8,350	27,337	32,152
Consolidation, restructuring and related charges	2,423	—	15,639	—
Operating income	13,578	12,490	41,833	58,674
Other income (expense), net	(739)	(200)	3,553	(3,329)
Income before income taxes and minority interest	12,839	12,290	45,386	55,345
Income tax provision	1,139	2,010	10,462	10,058
Income before minority interest	11,700	10,280	34,924	45,287
Minority interest	(1,881)	(1,541)	(5,592)	(6,634)
Net income	<u>\$ 9,819</u>	<u>\$ 8,739</u>	<u>\$ 29,332</u>	<u>\$ 38,653</u>
Earnings per share:				
Basic	<u>\$ 0.24</u>	<u>\$ 0.21</u>	<u>\$ 0.71</u>	<u>\$ 1.09</u>
Diluted	<u>\$ 0.21</u>	<u>\$ 0.19</u>	<u>\$ 0.66</u>	<u>\$ 0.95</u>
Weighted average number of common shares outstanding:				
Basic	<u>41,442</u>	<u>41,263</u>	<u>41,369</u>	<u>35,519</u>
Diluted	<u>51,179</u>	<u>51,066</u>	<u>51,072</u>	<u>45,256</u>

**PHOTRONICS, INC. AND SUBSIDIARIES****Condensed Consolidated Balance Sheets**

(in thousands)

	October 29 2006	October 30 2005
<b>Assets</b>		
Current assets:		
Cash, cash equivalents and short-term investments of \$69,899 in 2006 and \$90,600 in 2005	\$ 199,324	\$ 286,649
Accounts receivable	84,299	70,006
Inventories	19,209	20,536
Other current assets	16,055	7,144
Total current assets	318,887	384,335
Property, plant and equipment, net	443,637	412,429
Goodwill	138,534	136,334
Investment in joint venture	64,365	—
Other intangibles, net	70,939	—
Other assets	9,321	12,631
	<u>\$ 1,045,683</u>	<u>\$ 945,729</u>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Current portion of long-term debt	\$ 86,903	\$ 4,813
Accounts payable	53,907	42,923
Other accrued liabilities	50,386	36,042
Total current liabilities	191,196	83,778
Long-term debt	170,288	238,949
Deferred income taxes and other liabilities	23,920	15,310
Minority interest	45,997	45,817
Shareholders' equity	614,282	561,875
	<u>\$ 1,045,683</u>	<u>\$ 945,729</u>

**PHOTRONICS, INC. AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Cash Flows**  
(in thousands)

	Year Ended	
	October 29 2006	October 30 2005
Cash flows from operating activities:		
Net income	\$ 29,332	\$ 38,653
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	89,090	86,022
Restructuring and related charges	15,639	—
Changes in assets and liabilities and other	(17,862)	17,892
Net cash provided by operating activities	<u>116,199</u>	<u>142,567</u>
Cash flows from investing activities:		
Purchases of property, plant and equipment	(94,646)	(121,354)
Purchases of short-term investments	(82,582)	(94,550)
Proceeds from sales of short-term investments and other	104,962	88,629
Investment in joint venture, technology and supply agreements	(120,505)	—
Acquisition of additional interest in PK Ltd.	(8,432)	(58,248)
Net cash used in investing activities	<u>(201,203)</u>	<u>(185,523)</u>
Cash flows from financing activities:		
Proceeds from (repayment of) long-term debt	11,737	(72,117)
Proceeds from issuance of common stock	1,809	170,667
Net cash provided by financing activities	<u>13,546</u>	<u>98,550</u>
Effect of exchange rate changes on cash flows	4,834	(1,845)
Net increase (decrease) in cash and cash equivalents	(66,624)	53,749
Cash and cash equivalents, beginning of period	<u>196,049</u>	<u>142,300</u>
Cash and cash equivalents, end of period	<u>\$ 129,425</u>	<u>\$ 196,049</u>
Supplemental disclosure of cash flow information:		
Change in accrual for purchases of property, plant and equipment	\$ 18,692	\$ (19,834)

PHOTRONICS, INC.

EXHIBIT INDEX

Exhibit No.

Subject Matter

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99.1

Press Release dated December 5, 2006.

99.2

Slides #1 and #2 provided for conference call.



**Press Release**

**FOR FURTHER INFORMATION:**  
 Michael W. McCarthy  
 Vice President – Corporate Communications  
 Photronics, Inc.  
 (203)775-9000  
 mmccarthy@brk.photronics.com

FOR IMMEDIATE RELEASE  
 Tuesday, December 5, 2006

**PHOTRONICS ANNOUNCES RECORD FISCAL YEAR REVENUES**  
 Fourth Quarter Results Exceed Revenue and Earnings Guidance

**Fiscal Year 2006 Highlights**

- Record Revenues of \$455 Million
- Free Cash Flow of \$22 million

BROOKFIELD, Connecticut December 5, 2006 — Photronics, Inc. (Nasdaq:PLAB), a worldwide leader in supplying innovative imaging technology solutions for the global electronics industry, today reported fiscal 2006 fourth quarter and fiscal year results for the period ended October 29, 2006.

Sales for the quarter were \$115.3 million, up 3.1%, compared to \$111.8 million for the fourth quarter of 2005. Semiconductor photomasks accounted for \$90.5 million or 78.5% of revenues during the fourth quarter of fiscal 2006, while sales for flat panel display (FPD) photomasks accounted for \$24.8 million or 21.5% of revenues. Net income for the fourth quarter of fiscal 2006 amounted to \$9.8 million, or \$0.21 per diluted share, compared to the prior year's fourth quarter net income of \$8.7 million, or \$0.19 per diluted share. Net income for the fourth quarter of 2006 included a charge of \$2.4 million after tax, or \$0.05 per diluted share in connection with the Company's previously disclosed restructuring of its operations in North America.

Sales for the 2006 fiscal year were \$454.9 million, up 3.2% from the \$440.8 million reported in fiscal 2005. Semiconductor photomasks accounted for \$355.1 million or 78.1% of revenues during fiscal 2006, while sales for FPD photomasks accounted for \$99.8 million or 21.9%. Year-over-year, semiconductor photomask revenues decreased 1.8%, while FPD photomask revenues increased 25.9%. Net income for fiscal 2006 amounted to \$29.3 million, or \$0.66 per diluted share, compared to the prior fiscal year's net income of \$38.7 million, or \$0.95 per diluted share. Net income for the 2006 fiscal year included a charge of \$15.6 million after tax, or \$0.31 per diluted share in connection with the Company's previously disclosed restructuring of its operations in North America.

Michael J. Luttati, Chief Executive Officer shared his views of the Company's reported results. "We are very pleased to have finished our fiscal year on a high note with solid performance in our fourth quarter. The entire Photronics team executed with clarity and purpose throughout fiscal 2006 to deliver positive results while undertaking a significant transformation of the Company. As we take measure of our many achievements, which include a third consecutive year of record revenues; sustained profitability; and a self funded capital investment

— more —

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program, it is important to frame them around three major initiatives. First, our presence in the FPD mask market was meaningfully expanded as we capitalized on investments in our existing Korean fab and brought on-line our new fab in Taichung, Taiwan. Second, we reshaped the profile of our global manufacturing network as part of our strategy to shift capacity into the Asian and European markets where we could improve asset utilization. Finally, there is the joint venture with Micron Technology to form the MP Mask Technology Center, LLC. This joint venture represents a unique customer-supplier partnership, which will have a profound effect on Photronics' global business model in terms of accelerating our penetration into the market for sub-65 nanometer designs."

A conference call with investors and the media to discuss these results can be accessed by logging onto Photronics' web site at [www.photronics.com](http://www.photronics.com), then clicking on the "Conference Calls" button in the top right corner of the home page. The call is scheduled for 8:30 a.m. Eastern Time on Wednesday, December 6<sup>th</sup> and will be archived for instant replay access until the Company reports its fiscal first quarter results after the market closes on Tuesday, February 13, 2007. The live call dial-in number is (212)676-5290.

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Photronics is a leading worldwide manufacturer of photomasks. Photomasks are high precision quartz plates that contain microscopic images of electronic circuits. A key element in the manufacture of semiconductors and flat panel displays, photomasks are used to transfer circuit patterns onto semiconductor wafers and flat panel substrates during the fabrication of integrated circuits, a variety of flat panel displays and, to a lesser extent, other types of electrical and optical components. They are produced in accordance with product designs provided by customers at strategically located manufacturing facilities in Asia, Europe, and North America. Additional information on the Company can be accessed at [www.photronics.com](http://www.photronics.com).

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: Certain statements in this release are considered "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All forward looking statements involve risks and uncertainties. In particular, any statement contained in this release regarding the consummation and benefits of future acquisitions, expectations with respect to the joint venture, the planned fabrication facility, future sales, financial performance, operating efficiencies and product expansion, are subject to known and unknown risks, uncertainties and contingencies, many of which are beyond the control of the Company. These factors may cause actual results, performance or achievements to differ materially from anticipated results, performances or achievements. Factors that might affect such forward looking statements include, but are not limited to, overall economic and business conditions; the demand and receipt of orders for the Company's products; competitive factors in the industries and geographic markets in which the Company competes; changes in federal, state and foreign tax requirements (including tax rate changes, new tax laws and revised tax law interpretations); the Company's ability to place new equipment in service on a timely basis; interest rate fluctuations and other capital market conditions, including foreign currency rate fluctuations; economic and political conditions in international markets; the ability to obtain a new bank facility or other financings; the ability to achieve anticipated synergies and other cost savings in connection with acquisitions and productivity programs; uncertainties with respect to the integration and management of a new joint venture, delays in the construction and equipping of the planned fabrication facility, the ability to transfer licensed applications to other applications, the timing, impact and other uncertainties of future acquisitions and investments; the seasonal and cyclical nature of the semiconductor industry; the availability of capital; management changes; damage or destruction to our facilities by natural disasters, labor strikes, political unrest or terrorist activity; the ability to fully utilize its tools; the ability of the Company to receive desired yields, pricing, product mix, and market acceptance of its products; changes in technology; and other risks and uncertainties set forth in the Company's SEC filings from time to time. Any forward-looking statements should be considered in light of these factors. The Company assumes no obligation to update the information in this release.

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# Semiconductor & Flat Panel Display Revenue

(\$ in millions)

	Q1-FY06	Q2-FY06	Q3-FY06	Q4-FY06
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>
IC Revenue	\$ 86	\$ 91	\$ 87	\$ 90
FPD Revenue	<u>26</u>	<u>28</u>	<u>21</u>	<u>25</u>
Grand Total	<u>\$112</u>	<u>\$119</u>	<u>\$108</u>	<u>\$ 115</u>

Slide #1



# Semiconductor & Flat Panel Display Revenue (*\$ in millions*)

	Fiscal Year		
	<u>2004</u>	<u>2005</u>	<u>2006</u>
IC Revenue	\$360	\$362	\$355
FPD Revenue	<u>  36</u>	<u>  79</u>	<u> 100</u>
Grand Total	<u>\$396</u>	<u>\$441</u>	<u>\$455</u>

Slide #2

