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

FORM 10-Q

x ***QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934***
For the quarterly period ended January 27, 2013
OR
o ***TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934***

For the transition period from ___ to ___

Commission file number 0-15451

PHOTRONICS, INC.
(Exact name of registrant as specified in its charter)

Connecticut	**06-0854886**
(State or other jurisdiction of incorporation or organization)	*(IRS Employer Identification No.)*
15 Secor Road, Brookfield, Connecticut	**06804**
(Address of principal executive offices)	*(Zip Code)*
Registrant's telephone number, including area code	**(203) 775-9000**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter periods that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of “large accelerated filer," "accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer o Accelerated Filer x Non-Accelerated Filer o Smaller Reporting Company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes o No x

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at February 28, 2013
Common Stock, $0.01 par value	**60,777,405 Shares**

Forward-Looking Statements

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements made by or on behalf of Photronics, Inc. ("Photronics" or the "Company"). These statements are based on management's beliefs, as well as assumptions made by, and information currently available to, management. Forward-looking statements may be identified by words like "expect", "anticipate", "believe", "plan", "projects", and similar expressions, or the negative of such terms, or other comparable terminology. All forward-looking statements involve risks and uncertainties that are difficult to predict. In particular, any statement contained in this quarterly report on Form 10-Q, in press releases, written statements, or other documents filed with the Securities and Exchange Commission, or in the Company's communications and discussions with investors and analysts in the normal course of business through meetings, phone calls, or conference calls regarding the consummation and benefits of future acquisitions, expectations with respect to future sales, financial performance, operating efficiencies, or 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, performance, or achievements expressed or implied by such forward-looking statements. Factors that might affect such forward-looking statements include, but are not limited to, overall economic and business conditions; economic and political conditions in international markets; the demand for the Company's products; competitive factors in the industries and geographic markets in which the Company competes; changes in federal, state and international tax requirements (including tax rate changes, new tax laws and revised tax law interpretations); interest rate fluctuations and other capital market conditions, including changes in the market price of the Company's common stock; foreign currency exchange rate fluctuations; changes in technology; the timing, impact, and other uncertainties of future acquisitions; the seasonal and cyclical nature of the semiconductor and flat panel display industries; management changes; damage or destruction to the Company's facilities, or the facilities of its customers or suppliers, by natural disasters, labor strikes, political unrest, or terrorist activity; the ability of the Company to (i) place new equipment in service on a timely basis; (ii) obtain additional financing; (iii) achieve anticipated synergies and other cost savings in connection with acquisitions and productivity programs; (iv) fully utilize its tools; (v) achieve desired yields, pricing, product mix, and market acceptance of its products and (vi) obtain necessary export licenses. Any forward-looking statements should be considered in light of these factors. Accordingly, there is no assurance that the Company's expectations will be realized. The Company does not assume responsibility for the accuracy and completeness of the forward-looking statements and does not assume an obligation to provide revisions to any forward-looking statements, except as otherwise required by securities and other applicable laws.

PHOTRONICS, INC.
AND SUBSIDIARIES

INDEX

PART I. FINANCIAL INFORMATION

Item 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

PHOTRONICS, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(in thousands, except per share amounts)
(unaudited)

	January 27, 2013	October 28, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	$ 217,771	$ 218,043
Accounts receivable, net of allowance of $3,513 in 2013and $3,902 in 2012	74,291	75,685
Inventories	18,964	17,702
Other current assets	11,414	8,364
Total current assets	322,440	319,794
Property, plant and equipment, net	395,895	380,808
Investment in joint venture	93,086	93,252
Intangible assets, net	36,153	37,384
Deferred income taxes	11,628	11,395
Other assets	8,296	6,601
Total assets	$ 867,498	$ 849,234
LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of long-term borrowings	$ 7,645	$ 7,781
Accounts payable	65,568	53,031
Accrued liabilities	23,647	24,701
Total current liabilities	96,860	85,513
Long-term borrowings	167,265	168,956
Other liabilities	9,532	8,764
Total liabilities	273,657	263,233
Commitments and contingencies		
Equity:		
Preferred stock, $0.01 par value, 2,000 shares authorized, none issued and outstanding	-	-
Common stock, $0.01 par value, 150,000 shares authorized, 60,362 shares issued and outstanding at January 27, 2013 and 60,213 shares issued and outstanding at October 28, 2012	603	602
Additional paid-in capital	494,985	493,411
Retained earnings	43,796	41,473
Accumulated other comprehensive income	23,812	15,900
Total Photronics, Inc. shareholders' equity	563,196	551,386
Noncontrolling interests	30,645	34,615
Total equity	593,841	586,001
Total liabilities and equity	$ 867,498	$ 849,234

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended	
	January 27, 2013	January 29, 2012
Net sales	$ 99,839	$ 112,154
Costs and expenses:		
Cost of sales	(78,741)	(86,696)
Selling, general and administrative	(11,067)	(11,325)
Research and development	(4,839)	(4,444)
Consolidation, restructuring and related charges	-	(1,118)
Operating income	5,192	8,571
Other income (expense):		
Interest expense	(1,887)	(1,781)
Interest and other income (expense), net	1,296	1,372
Income before income tax provision	4,601	8,162
Income tax provision	(1,742)	(3,321)
Net income	2,859	4,841
Net income attributable to noncontrolling interests	(536)	(573)
Net income attributable to Photronics, Inc. shareholders	$ 2,323	$ 4,268
Earnings per share:		
Basic	$ 0.04	$ 0.07
Diluted	$ 0.04	$ 0.07
Weighted-average number of common shares outstanding:		
Basic	60,277	59,817
Diluted	61,095	60,930

See accompanying notes to condensed consolidated financial statements.

PHOTRONICS, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Comprehensive Income
(in thousands)
(unaudited)

	Three Months Ended	
	January 27, 2013	January 29, 2012
Net income	$ 2,859	$ 4,841
Other comprehensive income, net of tax of $0:		
Foreign currency translation adjustments	8,137	(1,150)
Amortization of cash flow hedge	32	32
Other comprehensive income (loss)	8,169	(1,118)
Comprehensive income	11,028	3,723
Less: comprehensive income attributable to noncontrolling interests	(765)	(848)
Comprehensive income attributable to Photronics, Inc. shareholders	$ 10,263	$ 2,875

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended	
	January 27, 2013	**January 29, 2012**
Cash flows from operating activities:		
Net income	$ 2,859	$ 4,841
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	19,157	22,667
Consolidation, restructuring and related charges	-	232
Changes in assets and liabilities:		
Accounts receivable	1,910	1,287
Inventories	(997)	383
Other current assets	(2,895)	(542)
Accounts payable, accrued liabilities, and other	(1,369)	5,167
Net cash provided by operating activities	18,665	34,035
Cash flows from investing activities:		
Purchases of property, plant and equipment	(15,539)	(18,127)
Investment in joint venture	-	(400)
Other	(1,043)	(1,602)
Net cash used in investing activities	(16,582)	(20,129)
Cash flows from financing activities:		
Repurchase of common stock by subsidiary	(4,190)	(885)
Repayments of long-term borrowings	(1,655)	(999)
Proceeds from share-based arrangements	203	233
Net cash used in financing activities	(5,642)	(1,651)
Effect of exchange rate changes on cash	3,287	(383)
Net increase (decrease) in cash and cash equivalents	(272)	11,872
Cash and cash equivalents at beginning of period	218,043	189,928
Cash and cash equivalents at end of period	$ 217,771	$ 201,800
Supplemental disclosure of non-cash information:		
Accrual for property, plant and equipment purchased during the period	$ 16,342	$ 10,447

See accompanying notes to condensed consolidated financial statements.

PHOTRONICS, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
Three Months Ended January 27, 2013 and January 29, 2012
(unaudited)
(in thousands, except share amounts)

NOTE 1 - BASIS OF FINANCIAL STATEMENT PRESENTATION

Photronics, Inc. and its subsidiaries ("Photronics" or “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 currently operates principally from eight manufacturing facilities, two of which are located in Europe, two in Taiwan, one in Korea, and three in the United States.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for annual financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the interim period are not necessarily indicative of the results that may be expected for the fiscal year ending November 3, 2013. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended October 28, 2012.

NOTE 2 - CHANGES IN EQUITY

The following tables set forth the Company's consolidated changes in equity for the three months ended January 27, 2013 and January 29, 2012:

	Three Months Ended January 27, 2013						
	Photronics, Inc. Shareholders						
	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Non-controlling Interests	Total Equity
	Shares	Amount					
Balance at October 28, 2012	60,213	$ 602	$ 493,411	$ 41,473	$ 15,900	$ 34,615	$ 586,001
Net income	-	-	-	2,323	-	536	2,859
Other comprehensive income	-	-	-	-	7,939	230	8,169
Sale of common stock through employee stock option and purchase plans	77	1	110	-	-	-	111
Restricted stock awards vesting and expense	72	-	269	-	-	-	269
Share-based compensation expense	-	-	616	-	-	-	616
Repurchase of common stock by subsidiary	-	-	579	-	(27)	(4,736)	(4,184)
Balance at January 27, 2013	60,362	$ 603	$ 494,985	$ 43,796	$ 23,812	$ 30,645	$ 593,841

	Three Months Ended January 29, 2012						
	Photronics, Inc. Shareholders						
	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Non-controlling Interests	Total Equity
	Shares	Amount					
Balance at October 30, 2011	59,651	$ 597	$ 486,674	$ 13,605	$ 10,171	$ 48,709	$ 559,756
Net income	-	-	-	4,268	-	573	4,841
Other comprehensive income (loss)	-	-	-	-	(1,393)	275	(1,118)
Sale of common stock through employee stock option and purchase plans	122	1	143	-	-	-	144
Restricted stock awards vesting and expense	65	-	242	-	-	-	242
Share-based compensation expense	-	-	413	-	-	-	413
Common stock warrants exercised	177	2	1,051	-	-	-	1,053
Repurchase of common stock by subsidiary	-	-	151	-	(5)	(1,031)	(885)
Balance at January 29, 2012	60,015	$ 600	$ 488,674	$ 17,873	$ 8,773	$ 48,526	$ 564,446

NOTE 3 - JOINT VENTURE, TECHNOLOGY LICENSE AND OTHER AGREEMENTS WITH MICRON TECHNOLOGY, INC.

In May 2006, Photronics and Micron Technology, Inc. ("Micron") entered into the MP Mask joint venture (“MP Mask”), which develops and produces photomasks for leading-edge and advanced next generation semiconductors. As part of the formation of the joint venture, Micron contributed its existing photomask technology center located in Boise, Idaho, (headquarters of MP Mask) and Photronics invested $135 million in exchange for a 49.99% interest in MP Mask (to which $64.2 million of the original investment was allocated), a license for photomask technology of Micron, and certain supply agreements.

This joint venture is a variable interest entity ("VIE") (as that term is defined in the Accounting Standards Codification ("ASC")) because all costs of the joint venture are passed on to the Company and Micron through purchase agreements they have entered into with the joint venture, and it is dependent upon the Company and Micron for any additional cash requirements. On a quarterly basis the Company reassesses whether its interest in MP Mask gives it a controlling financial interest in this VIE. The purpose of this quarterly reassessment is to identify the primary beneficiary (which is defined in the ASC as the entity that consolidates a VIE) of the VIE. As a result of the reassessment in the current quarter, the Company determined that Micron is still the primary beneficiary of the VIE, by virtue of its tie-breaking voting rights within MP Mask’s Board of Managers, thereby giving it the power to direct the activities of MP Mask that most significantly impact its economic performance, including its decision making authority in the ordinary course of business and its purchasing the majority of products produced by the VIE.

The Company has utilized MP Mask for both high-end IC photomask production and research and development purposes. MP Mask charges its variable interest holders based on their actual usage of its facility. MP Mask separately charges for any research and development activities it engages in at the requests of its owners. The Company recorded cost of sales of $1.9 million and $2.0 million during the three month periods ended January 27, 2013 and January 29, 2012, respectively, and research and development expenses of $0.2 million during each of the three month periods. As of January 27, 2013 and October 28, 2012, the Company owed MP Mask $4.9 million and $6.4 million, respectively, and had a receivable from Micron of $5.2 million and $9.0 million, respectively, both primarily related to the aforementioned supply agreements.

MP Mask is governed by a Board of Managers, appointed by Micron and the Company. Since MP Mask's inception, Micron, as a result of its majority ownership, has held majority voting power on the Board of Managers. The voting power held by each party is subject to change as ownership interests change. Under the MP Mask joint venture operating agreement, the Company may be required to make additional capital contributions to MP Mask up to the maximum amount defined in the operating agreement. However, should the Board of Managers determine that further additional funding is required, MP Mask shall pursue its own financing. If MP Mask is unable to obtain its own financing, it may request additional capital contributions from the Company. Should the Company choose not to make a requested contribution to MP Mask, its ownership percentage may be reduced. The Company contributed capital of $0.4 million to MP Mask during the three month period ended January 29, 2012, and made no capital contributions to the joint venture during the three month period ended January 27, 2013. The Company did not receive any distributions from MP Mask during the first quarter of fiscal 2013 or 2012.

The Company's investment in the VIE, which represents its maximum exposure to loss, was $93.1 million at January 27, 2013 and $93.3 million at October 28, 2012. These amounts are reported in the Company's condensed consolidated balance sheets as "Investment in joint venture". The Company recorded a loss from its investment in the VIE of $0.2 million in the three month period ended January 27, 2013, and recorded no income from its investment in the three month period ended January 29, 2012. Income from the VIE is included in "Interest and other income (expense), net" in the condensed consolidated statements of income.

In the second quarter of fiscal 2012 the Company paid $35 million to Micron in connection with its purchase of the U.S. nanoFab facility, which it had been leasing from Micron under a lease which ran through December 31, 2014.

NOTE 4 - LONG-TERM BORROWINGS

Long-term borrowings consist of the following:

	January 27, 2013	October 28, 2012
3.25% convertible senior notes due on April 1, 2016	$ 115,000	$ 115,000
Variable rate term loan, maturing March 1, 2017	23,125	23,750
5.5% convertible senior notes due on October 1, 2014	22,054	22,054
3.09% capital lease obligation payable through March 2016	14,145	15,175
4.75% financing loan with customer	586	758
	174,910	176,737
Less current portion	7,645	7,781
	$ 167,265	$ 168,956

In March 2012 the Company, in connection with its purchase of the U.S. nanoFab facility (see Note 3 for further discussion), amended its credit facility ("the credit facility") to include the addition of a $25 million variable rate (2.5% at January 27, 2013) term loan maturing in March 2017 with minimum quarterly principal payments of $0.6 million (quarterly payments commenced in June 2012 and are based on a ten year repayment period). The amendment also included a twenty-five basis point reduction in the interest rate charged on any borrowings under the credit facility.

The credit facility bears interest (2.50% at January 27, 2013), based on the Company's total leverage ratio, at LIBOR plus a spread, as defined in the credit facility. The credit facility is secured by substantially all of the Company's assets located in the United States, as well as common stock the Company owns in certain of its foreign subsidiaries, and is subject to the following financial covenants: minimum fixed charge ratio, total leverage ratio and minimum unrestricted cash balance. As of January 27, 2013, the Company was in compliance with the covenants of its credit facility, had no outstanding borrowings under the credit facility and $30 million was available for borrowing.

In March 2011 the Company issued through a private offering, pursuant to Rule 144A under the Securities Act of 1933, as amended, $115 million aggregate principal amount of 3.25% convertible senior notes. The notes mature on April 1, 2016, and note holders may convert each $1,000 principal amount of notes to 96.3879 shares of common stock (equivalent to an initial conversion price of $10.37 per share of common stock) at any time prior to the close of business on the second scheduled trading day immediately preceding April 1, 2016. The conversion rate is subject to adjustment upon the occurrence of certain events, which are described in the indenture dated March 28, 2011. The Company is not required to redeem the notes prior to their maturity date. Interest on the notes accrues in arrears, and is paid semiannually through the notes’ maturity date. Interest payments on the notes commenced on October 1, 2011. The net proceeds of the notes were approximately $110.7 million, which were used, in part, to acquire $35.4 million of the Company’s 5.5% convertible senior notes which were to mature on October 1, 2014, and to repay, in full, its then outstanding obligations under capital leases of $19.8 million.

In September 2009 the Company issued, through a public offering, $57.5 million aggregate principal amount of 5.5% convertible senior notes, which were to mature on October 1, 2014. Under the terms of the offering, the note holders could convert each $1,000 principal amount of notes to 196.7052 shares of common stock (equivalent to an initial conversion price of $5.08 per share of common stock) on, or before, September 30, 2014. The conversion rate is subject to adjustment upon the occurrence of certain events which are described in the indenture dated September 16, 2009. The Company is not required to redeem the notes prior to their maturity. The net proceeds of this offering were approximately $54.9 million, which were used to reduce amounts outstanding under the Company’s credit facility. A portion of the notes from this issuance having an aggregate principal amount of $35.4 million were acquired by the Company during fiscal year 2011.

In April 2011 the Company entered into a five year, $21.2 million capital lease for manufacturing equipment. Payments under the lease, which bears interest at 3.09%, are $0.4 million per month through March 2016. The lease agreement provides that the Company must maintain the equipment in good working order, and includes a cross default with cross acceleration provision related to certain non-financial covenants incorporated in the Company's credit facility agreement. As of January 27, 2013, the total amount payable through the end of the lease term was $14.9 million, of which $14.1 million represented principal and $0.8 million represented interest. See Note 15.

In January 2010 the Company borrowed $3.7 million from a customer to purchase manufacturing equipment. This loan bears interest at 4.75% and is primarily being repaid with product supplied to the customer. Product valued at $0.2 million and $0.3 million was shipped to the customer and applied against the loan during the first quarters of fiscal 2013 and fiscal 2012, respectively. The Company estimates that the loan will be fully repaid in fiscal 2013.

NOTE 5 - COMMON STOCK WARRANTS

In September 2009 the Company entered into two warrant agreements with Intel Capital Corporation to purchase a total of 750,000 shares of the Company's common stock. Under one warrant agreement 500,000 shares of the Company's common stock can be purchased at an exercise price of $4.15 per share and under the second warrant agreement 250,000 shares of the Company's common stock can be purchased at an exercise price of $5.08 per share. The warrant agreements expire in September 2014. Also in September 2009, the Company and Intel Corporation entered into an agreement to share technical and operations information regarding the development of the Company's products, the capabilities of the Company's photomask manufacturing lines and the alignment of photomask toolsets. Intel Capital Corporation also invested in the Company's convertible debt offering of September 2009. The warrants were recorded at their fair value on their date of grant, which was determined using the Black-Scholes option pricing model. As of January 27, 2013, none of the warrants issued to Intel Capital Corporation had been exercised.

NOTE 6 - SHARE-BASED COMPENSATION

In March 2007 shareholders approved a new share-based compensation plan ("Plan"), under which 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 may be granted from shares authorized but unissued or shares previously issued and reacquired by the Company. A maximum of six million shares of common stock may be issued under the Plan. Awards may be granted to officers, employees, directors, consultants, advisors, and independent contractors of the Company or its subsidiaries. In the event of a change in control (as defined in the Plan), the vesting of awards may be accelerated. The Plan, aspects of which are more fully described below, prohibits further awards from being issued under prior plans. The Company incurred total share-based compensation costs of $0.9 million and $0.7 million for the three month periods ended January 27, 2013 and January 29, 2012, respectively. No share-based compensation cost was capitalized as part of an asset and no related income tax benefits were recorded during the periods presented.

Stock Options

Option awards generally vest in one to four years, and have a ten-year contractual term. All incentive and non-qualified stock option grants have an exercise price no less than the market value of the underlying common stock on the date of grant. The grant date fair values of options are based on closing prices of the Company’s common stock on the dates of grant using the Black-Scholes option pricing model. Expected volatility is based on the historical volatility of the Company's stock. The Company uses historical option exercise behavior and employee termination data to estimate expected term, which represents the period of time that the options granted are expected to remain outstanding. The risk-free rate of return for the estimated term of the option is based on the U.S. Treasury yield curve in effect at the date of grant. The weighted-average inputs and risk-free rate of return ranges used to calculate the grant date fair value of options issued during the three month periods ended January 27, 2013 and January 29, 2012, are presented in the following table.

	Three Months Ended	
	January 27, 2013	January 29, 2012
Volatility	100.1%	102.1%
Risk free rate of return	0.5% - 0.7%	0.7%
Dividend yield	0.0%	0.0%
Expected term	4.3 years	4.3 years

Information on outstanding and exercisable option awards as of January 27, 2013, is presented below.

Options	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
Outstanding at January 27, 2013	4,419,989	$ 8.06	6.3 years	$ 5,159
Exercisable at January 27, 2013	2,843,728	$ 9.28	5.0 years	$ 4,544

There were 564,000 share options granted during the three month period ended January 27, 2013, with a weighted-average grant date fair value of $3.99 per share, and there were 492,500 share options granted during the three month period ended January 29, 2012, with a weighted-average grant date fair value of $4.46 per share. As of January 27, 2013, the total unrecognized compensation cost related to unvested option awards was approximately $5.1 million. That cost is expected to be recognized over a weighted-average amortization period of 2.7 years.

Restricted Stock

The Company periodically grants restricted stock awards. The restrictions on these awards lapse over a service period that has ranged from less-than-one to eight years. There were 204,500 restricted stock awards issued during the three month period ended January 27, 2013, with a weighted-average grant date fair value of $5.46 per share, and there were 168,750 restricted stock awards granted during the three month period ended January 29, 2012, with a weighted-average grant date fair value of $6.28 per share. As of January 27, 2013, the total compensation cost not yet recognized related to unvested restricted stock awards was approximately $1.8 million. That cost is expected to be recognized over a weighted-average amortization period of 2.2 years. As of January 27, 2013, there were 385,314 shares of restricted stock outstanding.

NOTE 7 - CONSOLIDATION, RESTRUCTURING AND RELATED CHARGES

In the first quarter of fiscal 2012 the Company ceased the manufacture of photomasks at its Singapore facility, and in connection therewith recorded a charge of $1.1 million during the three month period ended January 29, 2012. This restructuring, which was comprised primarily of employee termination costs, was substantially completed in fiscal 2012 at a cost of $1.4 million. The following table sets forth the Company’s restructuring reserve, primarily related to its Singapore facility, as of January 27, 2013 and January 29, 2012, and reflects the activity affecting the reserve for the three month periods then ended.

	Three Months Ended January 27, 2013				Three Months Ended January 29, 2012			
	October 29, 2012	Charges	Utilized	January 27, 2013	October 31, 2011	Charges	Utilized	January 29, 2012
Employee terminations and other	$ 295	$ -	$ (255)	$ 40	$ -	$ 886	$ (467)	$ 419
Asset write-downs	-	-	-	-	-	232	(232)	-
	$ 295	$ -	$ (255)	$ 40	$ -	$ 1,118	$ (699)	$ 419

NOTE 8 - INCOME TAXES

The effective income tax rates for the three month periods ended January 27, 2013 and January 29, 2012, differ from the rates computed by applying the U.S. statutory rate of 35% to income before income taxes for the periods primarily due to income tax benefits being substantially offset by changes in deferred tax asset valuation allowances in jurisdictions in which the Company incurred losses before income taxes, the effect of which was partially offset by higher levels of income before income taxes being taxed at lower statutory rates in non-U.S. jurisdictions.

Unrecognized tax benefits were $3.9 million at January 27, 2013 and October 28, 2012, of which $1.9 million would favorably impact the Company’s effective tax rate if recognized. Accrued interest and penalties related to unrecognized tax benefits were $0.1 million at January 27, 2013 and October 28, 2012. As of January 27, 2013, the Company believes it is not reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease in the next twelve months.

PKLT, the Company’s FPD manufacturing facility in Taiwan, is accorded a tax holiday which commenced in 2012 and expires in 2017. The tax holiday had no dollar or per share effect in the three months ended January 27, 2013 and January 29, 2012.

NOTE 9 - EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is presented below.

	Three Months Ended	
	January 27, 2013	January 29, 2012
Net income attributable to Photronics, Inc. shareholders	$ 2,323	$ 4,268
Effect of dilutive securities:		
Gains related to common stock warrants fair value adjustment	-	(94)
Earnings for diluted earnings per share	$ 2,323	$ 4,174
Weighted-average common shares computations:		
Weighted-average common shares used for basic earnings per share	60,277	59,817
Effect of dilutive securities:		
Share-based payment awards	685	831
Common stock warrants	133	282
Potentially dilutive common shares	818	1,113
Weighted-average common shares used for diluted earnings per share	61,095	60,930
Basic earnings per share	$ 0.04	$ 0.07
Diluted earnings per share	$ 0.04	$ 0.07

The table below shows the outstanding weighted-average share-based payment awards and common stock warrants that were excluded from the calculation of diluted earnings per share because their exercise price exceeded the average market value of the common shares for the period or, under application of the treasury stock method, they were otherwise determined to be anti-dilutive. The table also shows convertible notes that, if converted, would have been anti-dilutive.

	Three Months Ended	
	January 27, 2013	January 29, 2012
Convertible notes	15,423	15,423
Share-based payment awards	2,943	2,550
Total potentially dilutive shares excluded	18,366	17,973

NOTE 10 – GEOGRAPHIC INFORMATION

The Company operates as a single operating segment as a manufacturer of photomasks, which are high precision quartz plates containing microscopic images of electronic circuits for use in the fabrication of ICs and FPDs. Geographic net sales are based primarily on where the Company's manufacturing facility is located. The Company's net sales by geographic area and for ICs and FPDs for the three month periods ended January 27, 2013 and January 29, 2012, and its property, plant and equipment by geographic area as of January 27, 2013 and October 28, 2012, are presented below.

	Three Months Ended	
	January 27, 2013	January 29, 2012
Net sales		
Korea	$ 33,971	$ 41,912
Taiwan	28,394	26,479
United States	28,220	31,570
Europe	8,600	10,348
All other	654	1,845
	$ 99,839	$ 112,154
IC	$ 74,425	$ 86,807
FPD	25,414	25,347
	$ 99,839	$ 112,154

	As of	
	January 27, 2013	October 28, 2012
Property, plant and equipment		
United States	$ 174,594	$ 177,614
Korea	138,579	120,628
Taiwan	72,098	72,185
Europe	10,581	10,262
All other	43	119
	$ 395,895	$ 380,808

The Company is typically impacted during its first fiscal quarter by the North American and European holiday periods, as some customers reduce their effective workdays and orders during these periods. Additionally, the Company can be impacted during its first or second quarter by the Asian New Year holiday period, which may also reduce customer orders.

NOTE 11 - FAIR VALUE MEASUREMENTS

The accounting framework for determining fair value includes a hierarchy for ranking the quality and reliability of the information used to measure fair value, which enables the reader of the financial statements to assess the inputs used to develop those measurements. The fair value hierarchy consists of three tiers as follows: Level 1, defined as quoted market prices in active markets for identical securities; Level 2, defined as inputs other than Level 1 that are observable, either directly or indirectly; and Level 3, defined as unobservable inputs that are not corroborated by market data.

The Company did not have any assets or liabilities measured at fair value, on a recurring or a nonrecurring basis, at January 27, 2013 or October 28, 2012.

Index

Fair Value of Other Financial Instruments

The fair values of the Company's cash and cash equivalents (Level 1 measurements), accounts receivable, accounts payable, and certain other current assets and current liabilities (Level 2 measurements) approximate their carrying value due to their short-term maturities. The fair value of the Company's financing loan with a customer is a Level 2 measurement that approximates its carrying value due to its short-term maturity. The fair value of the Company's variable rate term loan is a Level 2 measurement and approximates its carrying value due to the variable nature of the underlying interest rates. The fair value of the Company's convertible senior notes is a Level 2 measurement that is determined using recent bid prices. The table below presents the fair and carrying values of the Company's convertible senior notes at January 27, 2013 and October 28, 2012.

	January 27, 2013		October 28, 2012	
	Fair Value	**Carrying Value**	**Fair Value**	**Carrying Value**
3.25% convertible senior notes	$ 117,544	$ 115,000	$ 110,239	$ 115,000
5.5% convertible senior notes	$ 31,195	$ 22,054	$ 27,755	$ 22,054

NOTE 12 - SUBSIDIARY SHARE REPURCHASE

Since the second quarter of fiscal 2011, the board of directors of PSMC, a subsidiary of the Company based in Taiwan, has authorized several share repurchase programs for PSMC to purchase for retirement shares of its outstanding common stock. During the first fiscal quarters of 2013 and 2012 PSMC purchased 9.2 million and 2.3 million shares, respectively, at a cost of $4.2 million and $0.9 million, respectively. These repurchase programs increased the Company's ownership in PSMC from 72.09% at October 28, 2012, to 75.11% at January 27, 2013, and from 62.25% at October 30, 2011, to 62.80% at January 29, 2012. See Note 15.

The table below presents the effect of the change in the Company's ownership interest in PSMC on the Company's equity for the first fiscal quarters of 2013 (9.2 million shares of common stock of PSMC repurchased) and 2012 (2.3 million shares of PSMC common stock repurchased).

	Three Months Ended	
	January 27, 2013	**January 29, 2012**
Net income attributable to Photronics, Inc. shareholders	$ 2,323	$ 4,268
Increase in Photronics, Inc.'s additional paid-in capital	579	151
Decrease in Photronics, Inc. shareholders' accumulated other comprehensive income	(27)	-
Change from net income attributable to Photronics, Inc. shareholders and transfer from noncontrolling interest	$ 2,875	$ 4,419

NOTE 13 - COMMITMENTS AND CONTINGENCIES

As of January 27, 2013, the Company had commitments outstanding for capital expenditures of approximately $100 million. See Note 15.

The Company is subject to various claims that arise in the ordinary course of business. The Company believes such claims, individually or in the aggregate, will not have a material effect on its condensed consolidated financial statements.

NOTE 14 - RECENT ACCOUNTING PRONOUNCEMENTS

There have been no recent accounting pronouncements whose adoption would affect the Company’s financial statements or related disclosures.

NOTE 15 – SUBSEQUENT EVENTS

In February 2013 the Company entered into a five year capital lease to fund the purchase of a high-end lithography tool. The principal amount of the lease, which is estimated to be approximately $30 million, will be determined by the Japanese yen exchange rate to the U.S. dollar as progress payments are made. The interest rate will be fixed, based on the five year interest swap rate plus a spread, upon acceptance of the tool which is expected to be in the second half of fiscal year 2013.

In February 2013 the board of directors of PSMC, a majority-owned subsidiary of Photronics, approved the filing for the voluntary delisting of its stock from Taiwan’s GreTai Securities Market (“GTSM”). After approval from GTSM, Photronics intends to launch a tender offer to acquire the remaining outstanding shares of PSMC. The delisting and tender offer for the shares are subject to various regulatory approvals, and are estimated to cost approximately $25 million to $30 million. Photronics currently owns 75.11% of the outstanding shares of PSMC.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

Management's discussion and analysis ("MD&A") of the Company's financial condition, results of operations and outlook should be read in conjunction with its condensed consolidated financial statements and related notes. Various segments of this MD&A contain forward-looking statements, all of which are presented based on current expectations and may be adversely affected by uncertainties and risk factors (presented throughout this filing and in the Company's Annual Report on Form 10-K for the fiscal 2012 year), that may cause actual results to materially differ from these expectations.

The Company sells substantially all of its photomasks to semiconductor designers and manufacturers, and manufacturers of FPDs. Photomask technology is also being applied to the fabrication of other higher performance electronic products such as photonics, micro-electronic mechanical systems and certain nanotechnology applications. Thus, the Company's selling cycle is tightly interwoven with the development and release of new semiconductor designs and flat panel applications, particularly as it relates to the semiconductor industry's migration to more advanced design methodologies and fabrication processes. The Company believes that the demand for photomasks primarily depends on design activity rather than sales volumes from products produced using photomask technologies. Consequently, an increase in semiconductor or FPD sales does not necessarily result in a corresponding increase in photomask sales. However, the reduced use of customized ICs, reductions in design complexity, other changes in the technology or methods of manufacturing or designing semiconductors, or a slowdown in the introduction of new semiconductor or FPD designs could reduce demand for photomasks even if demand for semiconductors and FPDs increases. Advances in semiconductor, FPD and photomask design and semiconductor production methods could reduce the demand for photomasks. Historically, the semiconductor industry has been volatile, with sharp periodic downturns and slowdowns. These downturns have been characterized by, among other things, diminished product demand, excess production capacity and accelerated erosion of selling prices.

The global semiconductor industry, including mobile displays, is driven by end markets which have been closely tied to consumer driven applications of high performance semiconductor devices including, but not limited to, mobile communications and computing solutions. The Company is typically required to fulfill its customer orders within a short period of time, sometimes within 24 hours. This results in the Company having a minimal level of backlog orders, typically one to two weeks for IC photomasks and two to three weeks for FPD photomasks. The Company cannot predict the timing of the industry's transition to volume production of next generation technology nodes or the timing of up and down cycles with precise accuracy, but believes that such transitions and cycles will continue into the future, beneficially and adversely affecting its business, financial condition and operating results in the near term. The Company believes its ability to remain successful in these environments is dependent upon achieving its goals of being a service and technology leader and efficient solutions supplier, which it believes should enable it to continually reinvest in its global infrastructure.

Material Changes in Results of Operations
Three Months ended January 27, 2013 and January 29, 2012

The following table represents selected operating information expressed as a percentage of net sales.

	Three Months Ended	
	January 27, 2013	January 29, 2012
Net sales	100.0%	100.0%
Cost of sales	(78.9)	(77.3)
Gross margin	21.1	22.7
Selling, general and administrative expenses	(11.1)	(10.1)
Research and development expenses	(4.8)	(4.0)
Consolidation, restructuring and related charges	-	(1.0)
Operating income	5.2	7.6
Other income (expense), net	(0.6)	(0.3)
Net income before income tax provision	4.6	7.3
Income tax provision	(1.7)	(3.0)
Net income	2.9	4.3
Net income attributable to noncontrolling interests	(0.6)	(0.5)
Net income attributable to Photronics, Inc. shareholders	2.3%	3.8%

Note: All of the following tabular comparisons, unless otherwise indicated, are for the three months ended January 27, 2013 (Q1-13) and January 29, 2012 (Q1-12) in millions of dollars.

Net Sales

	Three Months Ended		
	Q1-13	Q1-12	Percent Change
IC	$ 74.4	$ 86.8	(14.3)%
FPD	25.4	25.4	-
Total net sales	$ 99.8	$ 112.2	(11.0)%

Net sales for Q1-13 decreased 11% to $99.8 million as compared to $112.2 million for Q1-12. The decrease was primarily the result of decreased demand for IC products, principally leading edge, as a result of general softness within the semiconductor industry. FPD revenues were $25.4 million in Q1-13 and Q1-12, which included an increase in high-end revenues that was offset by a decrease in revenues for mature products. High-end photomask applications, which typically have higher ASPs, include mask sets for 45 nanometer and below for IC products, and G8 and above and active matrix organic light-emitting diode (AMOLED) display screen technologies for FPD products. By geographic area, net sales in Q1-13 as compared to Q1-12, decreased by $7.9 million or 18.9 % in Korea, decreased by $3.4 million or 10.6% in the United States, increased by $1.9 million or 7.2% in Taiwan, decreased by $1.7 million or 16.9% in Europe and decreased by $1.2 million for other international locations.

Gross Margin

	Three Months Ended		
	Q1-13	Q1-12	Percent Change
Gross margin	$ 21.1	$ 25.5	(17.1)%
Percentage of net sales	21.1%	22.7%	

Gross margin percentage decreased to 21.1% in Q1-13 as compared to 22.7% in Q1-12. This decrease was primarily due to a decrease in sales in Q1-13 as compared to Q1-12. The Company operates in a high fixed cost environment and, to the extent that the Company's revenues and utilization increase or decrease, gross margin will generally be positively or negatively impacted.

Selling, General and Administrative Expenses

	Three Months Ended		
	Q1-13	Q1-12	Percent Change
S,G&A expenses	$ 11.1	$ 11.3	(2.3)%
Percentage of net sales	11.1%	10.1%	

Selling, general and administrative expenses did not change significantly, decreasing $0.2 million to $11.1 million in Q1-13 as compared to $11.3 million in Q1-12.

Research and Development

	Three Months Ended		
	Q1-13	Q1-12	Percent Change
R&D expenses	$ 4.8	$ 4.4	8.9%
Percentage of net sales	4.8%	4.0%	

Research and development expenses consist primarily of global development efforts related to high-end process technologies for advanced sub-wavelength reticle solutions for IC technologies. Research and development expenses increased $0.4 million in Q1-13 as compared to Q1-12 primarily due to increased activities at advanced nanometer technology nodes for IC photomasks.

Consolidation, Restructuring and Related Charges

	Three Months Ended	
	Q1-13	Q1-12
Employee terminations and other	$ -	$ 886
Asset write-downs	-	232
Total consolidation, restructuring and related charges	$ -	$ 1,118

In the first quarter of fiscal 2012, the Company ceased the manufacture of photomasks at its Singapore facility, and in connection therewith recorded a charge of $1.1 million during the three month period ended January 29, 2012. This restructuring, which was comprised primarily of employee termination costs, was substantially completed in fiscal 2012 at a cost of $1.4 million.

Other Income (Expense), net

	Three Months Ended	
	Q1-13	**Q1-12**
Interest expense	$ (1.9)	$ (1.8)
Interest and other income (expense), net	1.3	1.4
Other income (expense), net	$ (0.6)	$ (0.4)

Interest expense increased slightly in Q1-13 as compared to Q1-12, primarily as a result of the term loan entered into in the second quarter of fiscal 2012. Interest and other income (expense), net decreased in Q1-13 as compared to Q1-12 primarily as a result of less favorable foreign currency transaction results.

Provision for Income Taxes

	Three Months Ended	
	Q1-13	**Q1-12**
Income tax provision	$ 1.7	$ 3.3
Effective income tax rate	37.9%	40.7%

The effective income tax rate in Q1-13 decreased from Q1-12 primarily because the Company generated less income before income taxes in jurisdictions in which income tax provisions were recorded. The income tax provisions were not significantly reduced by income tax benefits recorded in jurisdictions in which the Company incurred losses before income taxes as the income tax benefits were offset by increases in valuation allowances.

Net Income Attributable to Noncontrolling Interests

Net income attributable to noncontrolling interests decreased $0.1 million to $0.5 million in Q1-13 as compared to $0.6 million in Q1-12, primarily as a result of share repurchase programs at PSMC, the Company's non-wholly owned subsidiary in Taiwan. As a result of these programs, the Company’s ownership percentage in PSMC increased by 3.02% to 75.11%, and 0.55% to 62.80% during Q1-13 and Q1-12, respectively. The Company’s ownership percentage in its subsidiary in Korea was 99.7% in Q1-13 and Q1-12.

Liquidity and Capital Resources

The Company's working capital was $225.6 million at January 27, 2013, and $234.3 million at October 28, 2012. The decrease in working capital was primarily related to an increase in accounts payable for the purchase of capital equipment. Cash and cash equivalents were approximately $218 million at January 27, 2013 and October 28, 2012. Net cash provided by operating activities was $18.7 million for the three months ended January 27, 2013, as compared to $34.0 million for the three month period ended January 29, 2012, the decrease primarily due to a decrease in accounts payable not related to capital expenditures and reduced non-cash expenses. Net cash used in investing activities for the three months ended January 27, 2013, was $16.6 million, which was comprised primarily of capital expenditure payments. Net cash used in financing activities of $5.6 million for the three months ended January 27, 2013, was primarily comprised of payments to repurchase the common stock of a subsidiary and repayments of long-term borrowings. The Company may use its cash available on hand for operations, capital expenditures, debt repayments, strategic opportunities, stock repurchases or other corporate uses, any of which may be material.

The credit facility bears interest (2.50% at January 27, 2013), based on the Company's total leverage ratio, at LIBOR plus a spread, as defined in the credit facility. The credit facility is secured by substantially all of the Company's assets located in the United States, as well as common stock the Company owns in certain of its foreign subsidiaries, and is subject to the following financial covenants: minimum fixed charge ratio, total leverage ratio and minimum unrestricted cash balance. As of January 27, 2013, the Company was in compliance with the covenants of its credit facility, had no outstanding borrowings under the credit facility and $30 million was available for borrowing.

In February 2013 the Company entered into a five-year capital lease, which is estimated to be approximately $30 million principal amount. See Note 15 to the condensed consolidated financial statements for further discussion.

In 2012 and 2011 the board of directors of PSMC authorized PSMC to repurchase shares of its outstanding common stock for retirement. These repurchase programs resulted in 9.2 million shares being repurchased for $4.2 million in the first quarter of fiscal year 2013 and 2.3 million shares being purchased for $0.9 million in the first quarter of fiscal year 2012. In February 2013 the Company announced its intention to acquire the remaining outstanding shares of PSMC, which is estimated to cost $25 million to $30 million. See Note 15 to the condensed consolidated financial statements for further discussion.

At January 27, 2013, the Company had capital commitments outstanding of approximately $100 million. The Company believes that its currently available resources, together with its capacity for growth, and its access to equity and other financing sources, will be sufficient to satisfy its currently planned capital expenditures, as well as its anticipated working capital requirements for the next twelve months. However, the Company cannot assure that additional sources of financing would be available to the Company on commercially favorable terms should the Company's capital requirements exceed cash available from operations, existing cash, and cash available under its credit facility.

The Company's liquidity is highly dependent on its sales volume, cash conversion cycle, and the timing of its capital expenditures (which can vary significantly from period to period), as it operates in a high fixed cost environment. Depending on conditions in the semiconductor and FPD markets, the Company's cash flows from operations and current holdings of cash may not be adequate to meet its current and long-term needs for capital expenditures, operations and debt repayments. Historically, in certain years, the Company has used external financing to fund these needs. Due to conditions in the credit markets, some financing instruments used by the Company in the past may not be currently available to it. The Company continues to evaluate further cost reduction initiatives. However, the Company cannot assure that additional sources of financing would be available to it on commercially favorable terms, should its cash requirements exceed cash available from operations, existing cash, and cash available under its credit facility.

Off-Balance Sheet Arrangements

Under the MP Mask joint venture operating agreement, in order to maintain its 49.99% ownership interest, the Company may be required to make additional capital contributions to the joint venture up to the maximum amount specified in the operating agreement. Cumulatively through January 27, 2013, the Company has contributed $32.5 million to the joint venture, and has received distributions from the joint venture totaling $10.0 million.

The Company leases certain office facilities and equipment under operating leases that may require it to pay taxes, insurance and maintenance expenses related to the properties. Certain of these leases contain renewal or purchase options exercisable at the end of the lease terms.

Business Outlook

A majority of the Company's revenue growth is expected to continue to come from the Asian region, as customers increase their use of manufacturing foundries located outside of North America and Europe. Additional revenue growth is also anticipated in North America, as the Company expects to continue to benefit from advanced technology it may utilize under its technology license with Micron. The Company's Korean and Taiwanese operations are non-wholly owned subsidiaries and, therefore, a portion of earnings generated at each of these locations is allocated to noncontrolling interests.

The Company continues to assess its global manufacturing strategy and monitor its market capitalization, sales volume and related cash flows from operations. This ongoing assessment could result in future facility closures, asset redeployments, additional impairments of intangible or long-lived assets, workforce reductions, or the addition of increased manufacturing facilities, all of which would be based on market conditions and customer requirements.

Effect of Recent Accounting Pronouncements

There have been no recent accounting pronouncements whose adoption would affect the Company’s financial statements or related disclosures.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company records derivatives on the condensed consolidated balance sheets as assets or liabilities, measured at fair value. The Company does not engage in derivative instruments for speculative purposes. Gains or losses resulting from changes in the values of those derivatives are reported in earnings, or as accumulated other comprehensive income or loss, a separate component of equity, depending on the use of the derivatives and whether they qualify for hedge accounting. In order to qualify for hedge accounting, among other criteria, the derivative must be a hedge of an interest rate, price, foreign currency exchange rate, or credit risk, that is expected to be highly effective at the inception of the hedge, be highly effective in achieving offsetting changes in the fair value or cash flows of the hedged item during the term of the hedge, and formally documented at the inception of the hedge. The types of risks that the Company has historically hedged are those related to the variability of future cash flows caused by movements in foreign currency exchange and interest rates. The Company documents its risk management strategy and hedge effectiveness at the inception of, and during, the term of each hedge.

Foreign Currency Exchange Rate Risk

The Company conducts business in several major international currencies through its worldwide operations and its financial performance may be affected by fluctuations in the exchange rates of these currencies. Changes in exchange rates can positively or negatively affect the Company's sales, operating margins, assets, liabilities, and equity. The functional currencies of the Company's Asian subsidiaries are the Korean won, the New Taiwan dollar, and the Singapore dollar. The functional currencies of the Company's European subsidiaries are the British pound and the euro.

The Company attempts to minimize its risk of foreign currency transaction losses by producing its products in the same country in which the products are sold (thereby generating revenues and incurring expenses in the same currency), and by managing its working capital. In some instances, the Company may sell or purchase products in a currency other than the functional currency of the country where it was produced. There can be no assurance that this approach will continue to be successful, especially in the event of a significant adverse movement in the value of any foreign currencies against the U.S. dollar.

The Company's primary net foreign currency exposures as of January 27, 2013, included the Korean won, the Japanese yen, the New Taiwan dollar, the Singapore dollar, the British pound, and the euro. As of January 27, 2013, a 10% adverse movement in the value of these currencies against the U.S. dollar would have resulted in a net unrealized pre-tax loss of $1.8 million. The Company does not believe that a 10% change in the exchange rates of other non-U.S. dollar currencies would have a material effect on its consolidated financial position, results of operations, or cash flows.

Interest Rate Risk

At January 27, 2013, the Company had $23.1 million in variable rate borrowings. A 10% change in interest rates would not have had a material effect on the Company’s consolidated financial position, results of operations, or cash flows in the three month period ended January 27, 2013.

Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company has established and currently maintains disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), designed to ensure that information required to be disclosed in its reports filed under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to management, including the Company's chief executive officer and chief financial officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

The Company's management, under the supervision and with the participation of the Company’s chief executive officer and chief financial officer, evaluated the effectiveness of the design and operation of the Company’s disclosure controls and procedures as of the end of the period covered by this report. Based upon that evaluation the Company’s chief executive officer and chief financial officer concluded that the Company’s disclosure controls and procedures were effective at a reasonable assurance level as of the end of the period covered by this report.

Changes in Internal Control over Financial Reporting

There was no change in the Company's internal control over financial reporting during the Company's first quarter of fiscal 2013 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1A. RISK FACTORS

There have been no material changes to risks relating to the Company's business as disclosed in Part 1, Item 1A of the Company's Form 10-K for the year ended October 28, 2012**.**

Item 6. EXHIBITS

(a) Exhibits

Exhibit Number	Description
10.28	Master Lease Agreement dated as of April 13, 2011, by and between TD Equipment Finance, Inc. and Photronics, Inc.
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

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 thereunto duly authorized.

Photronics, Inc.
(Registrant)

By: /s/ SEAN T. SMITH
Sean T. Smith
Senior Vice President
Chief Financial Officer
(Duly Authorized Officer and
Principal Financial Officer)

Date: March 5, 2013

EXHIBIT 10.28

MASTER LEASE AGREEMENT

This Master Lease Agreement ("Agreement") is dated as of April, 13, 2011 by and between **TD EQUIPMENT FINANCE, INC**. ("Lessor"), having an office at 1006 Astoria Blvd., Cherry Hill, New Jersey 08034, and **PHOTRONICS, INC.** ("Lessee,"). If more than one person or entity executes the Agreement as "Lessee," then the term "Lessee" shall mean each person or entity executing the Agreement both individually and jointly, and each person or entity shall have joint and liability under the Agreement.

In consideration of the mutual agreements set forth below and the payment of rent as provided for herein, and intending to be legally bound, the parties agree as follows:

1. **LEASE**. This Agreement establishes the general terms and conditions under which Lessor may from time to time lease equipment and other property to Lessee. The terms of this Agreement shall be deemed to form a part of each Schedule executed by Lessee and Lessor which references this Agreement. "Equipment" shall mean all items of equipment and other property described on any "Schedule." Each Schedule shall constitute a separate lease agreement ("Lease") incorporating all of the terms and conditions of this Agreement. In the event of a conflict between the provisions of any Lease and the provisions of this Agreement, the provisions of the Lease shall prevail.

2. **TERMS AND LEASE PAYMENTS**. This Agreement shall become effective when it is signed and accepted by Lessor and shall remain in effect until the last Lease term under any Schedule has expired. Individual Leases go into effect and the term of a Lease begins when it is signed and accepted by Lessor ("Commencement Date"). Lessee hereby authorizes Lessor to insert the Commencement Date on each Lease. Lessee shall pay to Lessor rent ("Lease Payments") for each item of Equipment in the amount and at the times specified in the Schedule for such Equipment. The first Lease Payment is due on the date Lessor accepts the Lease or any later date designated by Lessor and interim rent shall be due from the date Lessee accepts the Equipment. Subsequent Lease Payments will be due as invoiced by Lessor for successive months until the balance of the Lease Payments and any additional Lease Payment or expenses chargeable to Lessee under a Lease are paid in full. **LESSEE'S OBLIGATION TO PAY THE LEASE PAYMENTS AND OTHER LEASE OBLIGATIONS IS ABSOLUTE AND UNCONDITIONAL AND IS NOT SUBJECT TO CANCELLATION, DEFENSE, DEDUCTION, RECOUPMENT, REDUCTION, SETOFF, CLAIM OR COUNTERCLAIM. THIS AGREEMENT AND ALL LEASES ARE NON-CANCELLABLE.** All Payments will be made to Lessor as set forth on the Lease or any other place Lessor indicates in writing.

The amounts of each Lease Payment is based on the supplier's best estimate of the Equipment cost including (if applicable) any installation, other related costs and estimated sales or use tax. The Lease Payments will be adjusted proportionately upward or downward if the actual total cost of the Equipment or taxes is more or less than the estimate. In that event, Lessee authorizes Lessor to adjust the Lease Payments by up to ten percent (10%).

The Equipment may be delivered to Lessee over a period of time pursuant to various purchase orders to be assigned by Lessee to Lessor. Lessor may, in its sole discretion, upon receipt of such documentation as Lessor deems necessary or upon other written authorization of Lessee, from time to time, fund the vendors and/or manufacturers of the equipment and third parties providing services related to the installation of the equipment (each a "Vendor") an amount equal to the purchase price of the Equipment or services invoiced by the Vendor and any other sums due by Lessor to the Vendor pursuant to any such purchase order. Each such funding shall be repayable (i) on the Commencement Date, (ii) in the event of any delay in the delivery or installation of the Equipment upon fifteen (15) days prior notice from Lessor to Lessee or (iii) immediately upon demand by Lessor if any Event of Default under this Lease has occurred. All such sums shall accrue interest from the date advanced by Lessor through the Commencement Date or, if earlier, date of repayment in an amount equal to the amount of the Monthly Lease Payment divided by the total equipment cost for the Equipment to be leased multiplied by the amount of the advance divided by thirty (30) and then multiplied by the number of days such advance has been outstanding.

3. **DELIVERY AND ACCEPTANCE**. Lessee is responsible, at Lessee's own cost and expense, to arrange for the delivery and installation of the Equipment (unless such costs are included in the cost of the Equipment to Lessor). Lessee agrees THAT THE SIGNING OF THE equipment Acceptance supplied by Lessor constitutes full acceptance of the Equipment and commencement of the Lease.

4. **DISCLAIMER OF WARRANTIES**. Lessee acknowledges that Lessor is not the manufacturer of the Equipment, nor the manufacturer's or vendor's agent. Nor is the vendor an agent of Lessor. Lessee has selected the Equipment based upon Lessee's own judgment. Lessee disclaims any reliance upon any statements or representations made by Lessor and acknowledges that representations made by Vendor, unless specifically contained in this Agreement, shall not be binding upon Lessor. LESSOR HAS NOT MADE AND DOES NOT MAKE ANY REPRESENTATION OR WARRANTY OF ANY KIND, WHETHER DIRECT OR INDIRECT, EXPRESS OR IMPLIED, WITH RESPECT TO THE SUITABILITY, MATERIALS, DURABILITY, DESIGN, WORKMANSHIP, OPERATION OR CONDITION OF THE EQUIPMENT OR ANY PART THEREOF, ITS MERCHANTABILITY, FITNESS FOR USE FOR THE PARTICULAR PURPOSES AND USES OF LESSEE. Lessor shall not be liable to Lessee for any loss, damage or expense of any kind or nature caused directly or indirectly by the Equipment or for any damages based on strict or absolute tort liability or Lessor's or vendor's negligence, or due to the repair, service or adjustment of the Equipment or by any delay or failure to provide any maintenance, repair, service or adjustment, or by any interruption of service, or for any loss of business however caused. NO DEFECT OR UNFITNESS OF THE EQUIPMENT OR THE FACT THAT THE EQUIPMENT SHALL NOT OPERATE OR THAT IT SHALL OPERATE IMPROPERLY SHALL RELIEVE LESSEE OF ANY OBLIGATION UNDER THE LEASE.

5. **TITLE, PERSONAL PROPERTY, LOCATION AND INSPECTION**. Lessor owns the Equipment and Lessee has the right to use the Equipment for the full Lease term provided Lessee complies with the terms and conditions of this Agreement and the Lease. Lessee will keep and use the Equipment only at the Equipment Location shown on the applicable Schedule. Although the Equipment may become attached to real estate, it remains personal property and Lessee agrees not to permit a lien to be placed upon the Equipment or to remove the Equipment from the Equipment Location without Lessor's prior written consent. The Equipment is removable from and is not essential to the premises at which the Equipment is located. If Lessor feels it is necessary, Lessee agrees to provide Lessor with waivers of interest or liens, from anyone claiming any interest in the real estate on which any item of Equipment is located. Lessor also has the right, at reasonable times, to inspect the Equipment. If the Lessee elects in writing to return the Equipment at the end of term, the Lessor may enter the premises where the Equipment is located during normal business hours for the purpose of showing and demonstrating the Equipment to prospective purchasers or for an appraisal of the Equipment. The Lessee shall provide adequate electrical, power, lighting, heat, water and personnel sufficient to allow for normal demonstrations of the Equipment to potential buyers.

6. **MAINTENANCE**. Lessee shall use the Equipment in a careful and lawful manner; comply with and conform to all laws, ordinances and regulations related to the possession, use and maintenance of the Equipment and maintain the Equipment so that it is certified for use by all regulatory agencies where applicable. Lessee shall use the Equipment exclusively for agricultural, business or commercial purposes. Lessee is required, at Lessee's own cost and expense, to keep the Equipment in good repair, condition and working order, except for ordinary wear and tear, and Lessee will supply all parts and servicing required. All replacement parts, attachments, accessories, upgrades and modifications, used or installed and repairs made to the Equipment will become Lessor's property. Lessee may, with Lessor's prior written consent, make modifications to the Equipment; so long as such modifications do not reduce the value or usefulness of the Equipment or result in the loss of any warranty or any certification necessary for the maintenance of the Equipment. Lessee shall enter into and maintain in force, for the term of the lease, a maintenance contract with the manufacturer of the equipment or with an approved service provider satisfactory to Lessor and take all actions necessary to cause the equipment to remain eligible for the manufacturer's maintenance program. This includes all replacements, upgrades, enhancements and software related to the Equipment that are required by the manufacturer for such eligibility. Lessee shall provide Lessor with a copy of the maintenance contract and maintenance log upon request. Subject to Lessor's prior approval, and as long as Lessee demonstrates the capabilities that it has the adequate skills and expertise Lessee may elect to maintain certain types of equipment with its own personnel. **LESSEE ACKNOWLEDGES THAT LESSOR IS NOT RESPONSIBLE FOR PROVIDING ANY REQUIRED MAINTENANCE AND/OR SERVICE FOR THE EQUIPMENT. LESSEE WILL MAKE ALL CLAIMS FOR SERVICE AND/ OR MAINTENANCE SOLELY TO THE SUPPLIER AND/OR MANUFACTURER AND SUCH CLAIMS WILL NOT AFFECT LESSEE'S OBLIGATION TO MAKE ALL REQUIRED LEASE PAYMENTS.**

7. **ASSIGNMENT**. **LESSEE AGREES NOT TO TRANSFER, SELL, SUBLEASE, ASSIGN, PLEDGE OR ENCUMBER EITHER THE EQUIPMENT OR ANY OF LESSEE'S RIGHTS UNDER THIS AGREEMENT OR ANY LEASE OR OTHERWISE PERMIT THE EQUIPMENT TO BE OPERATED OR USED BY, OR COME INTO OR REMAIN IN THE POSSESSION OF ANYONE BUT LESSEE OR LESSEE'S JOINT VENTURE MP MASK TECHNOLOGY CENTER, LLC., WHILE UNDER LESSEE'S SUPERVISION AND CONTROL WITHOUT LESSOR'S PRIOR WRITTEN CONSENT**. No sale, assignment, transfer or sublease, whether authorized herein or in violation of the terms hereof, shall relieve Lessee of its obligations, and Lessee shall remain primarily liable hereunder and under each Lease. Lessee agrees that Lessor may sell, assign or transfer all or any part of any Lease and if Lessor does, the new owner will have the same rights and benefits that Lessor now has and will not have to perform any of Lessor's obligations and that the rights of the new owner will not be subject to any claims, defenses, or setoffs that Lessee may have against Lessor. Any such assignment, sale or transfer of a Lease or the Equipment will not relieve Lessor of Lessor's obligations to Lessee under the Lease. Subject to the foregoing, this Agreement inures to the benefit of and is binding upon the successors and assigns of the parties hereto and thereto, as the case may be (and, without limiting the foregoing, shall bind all persons who become a "new debtor" to this Agreement and any Lease, as defined in Section 9-203(e) of Revised Article 9 of the UCC)

8. **PURCHASE, RETURN AND RENEWAL OF EQUPMENT**. So long as no default or event of default shall have occurred and be continuing and the Lessee shall have given Lessor written notice to Lessor at least one hundred eighty (180) days, but not more than two hundred seventy (270) days prior to the expiration of the initial term or any renewal of any Lease, Lessee shall advise Lessor of Lessee's intention to (i) purchase all but not less than all of the Equipment for the then fair market value in use, in place plus applicable taxes; (ii) renew the lease on a month to month basis at the same rent payable in monthly installments in the same amount and due on the same date as during the initial term; or (iii) return the Equipment to Lessor at the end of the initial term or any renewal of such Lease. If Lessee fails to so notify Lessor, or having notified Lessor, Lessee fails to return the Equipment as provided herein, the Lease shall renew for an additional term of four (4) months, and Lessee agrees to continue to make lease payments at the same monthly lease payment as set forth in this Lease, subject to the right of either party to terminate any renewal upon one hundred twenty (120) days written notice, in which case Lessee will immediately deliver the Equipment to Lessor as stated in this paragraph. Provided Lessee has given such timely notice to return the equipment. Lessee shall return all, but not less than all, of the Equipment, to any location within the continental United States as designated by Lessor. The Lessee must prepare the Equipment for shipping according to the manufacturer's instructions using approved packaging material and shall bear all risk of damage or loss until the Equipment is returned to us at the designated location. All costs and expenses associated with the packaging, shipping, delivery and inspection of the returned Equipment shall be paid by Lessee, including any cost Lessor incurs for deinstallation of alterations to the Equipment. Lessee shall be liable for all damage to the Equipment in excess of reasonable wear and tear.

9. **LOSS OR DAMAGE**. Lessee assumes and shall bear the entire risk of loss or destruction of, or damage to the Equipment from any cause whatsoever, whether or not insured. No such loss or damage relieves Lessee from any obligation under a Lease. Lessee agrees to promptly notify Lessor in writing of any loss or destruction or damage to the Equipment and Lessee will, at Lessor's option, (a) repair the Equipment to good condition and working order, (b) replace the Equipment with like Equipment in good repair, condition and working order, acceptable to Lessor and transfer clear title to such replacement Equipment to Lessor, such Equipment shall be subject to the Lease and be deemed the Equipment, or (c) pay to Lessor the present value of the total of all unpaid Lease Payments for the full Lease term plus the greater of either (i) the estimated fair market value of the Equipment at the end of the originally scheduled Lease term or (ii) Lessor's residual position (as determined by Lessor in its sole discretion), all discounted at a rate equal to, unless set forth in a separate schedule, four percent (4.0%) per annum whereupon the Lease shall terminate. All proceeds of insurance received by Lessor as a result of such loss or damage will be applied, where applicable, toward the replacement or repair of the Equipment or the payment of Lessee's obligation.

10. **INDEMNITY**. Lessee assumes liability for and agrees to indemnity, defend (if requested by Lessor) and hold harmless Lessor and its employees and agents from and against any and all liabilities, losses, damages, penalties, claims, suits and repossession or return of the Equipment, actions, costs and expenses, including court costs and Lessor's attorneys fees, of whatever kind imposed or incurred by or asserted against Lessor (collectively, "Claims"), whether based on a theory of strict liability or otherwise, caused by or related to (a) the manufacture, selection, purchase, installation, ownership, use lease, possession, delivery, operation, storage, repair, disposition or return of the Equipment, and if due to the action or inaction of Lessee or (b) any defects in the Equipment. Lessee agrees to reimburse Lessor for and to defend Lessor against any Claims. This indemnity will continue even after the termination or expiration of a Lease and repossession or return of the Equipment.

11. **TAXES**. Lessee agrees to pay all license and registration fees, sale and use taxes, personal property taxes and all other taxes and charges, relating to the ownership, leasing, rental, sale, purchase, possession or use of the Equipment as part of the Lease Payment or as billed by Lessor. Lessee agrees that if Lessor pays any taxes or charges on Lessee's behalf, Lessee will reimburse Lessor for all such payments and will pay Lessor interest and a late charge (as calculated in Section 14) on such payments with the next Lease Payment, plus reasonable costs incurred in collecting and administering any taxes, assessments or fees and remitting them to the appropriate authorities. Lessor shall not be obligated to contest any valuation of a tax imposed on the Equipment or on this Agreement or any Lease.

12. **INSURANCE**. During the term of a Lease, Lessee will keep the Equipment insured, at its sole cost and expense, against all risks of a loss or damage in an amount not less than the replacement cost of the Equipment, without deductible and without co-insurance. The insurance company shall be acceptable to Lessor in all respects in Lessor's sole discretion. Lessee will also obtain and maintain for the term of a Lease, comprehensive public liability insurance and such policy shall provide Lessor with thirty (30) days prior written notice of cancellation or termination of such policy covering both personal injury and property damage in an amount acceptable to Lessor. Lessor will be the sole named loss payee on the property insurance under a separate lender's loss payable clause and named as an additional insured on the public liability insurance. Lessee will pay all premiums for such insurance and Lessee shall deliver proof of insurance coverage to Lessor satisfactory to Lessor. If Lessee does not provide such insurance, Lessee agrees that Lessor has the right, but not the obligation, to obtain such insurance and charge Lessee for all costs. Lessee irrevocably appoints Lessor as Lessee's attorney-in-fact to make claims for, receive payment of, and execute and endorse all documents, checks or drafts in payment for loss or damage under any said insurance policies.

DEFAULT. An "Event of Default" shall be deemed to exist if any of the following occurs: (a) Lessee fails to pay any Lease Payment or other sum due hereunder within ten (10) days of when due; (b) Lessee fails to observe or perform any other term, covenant or condition of this Agreement, any Lease or any other agreement with Lessor and such failure continues for ten (10) days from the occurrence of such failure; (c) Lessee or any guarantor or surety, if any, dies, or becomes insolvent or unable to pay its debts when due; stops doing business as a going concern; terminates its organizational existence, merges, consolidates, transfers, sells or otherwise disposes of a majority of its assets or a majority of its liquid assets; (d) a writ of attachment or execution is levied upon the Equipment unless released, satisfied or stayed within fifteen (15) days of such levy, (e) the filing by or against Lessee of a petition under the Bankruptcy Code or under any insolvency law provided for relief of debtors unless with respect to a petition filed against Lessee, it is dismissed within forty-five (45) days; (f) the voluntary or involuntary making of an assignment for the benefit of creditors, the appointment of a receiver or trustee for Lessee or for Lessee's assets, the commencement of any formal or informal proceeding for dissolution, liquidation, settlement of claims against or winding up of the affairs of Lessee (g) there is a substantial change in the ownership or control of Lessee is defined as (a) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of the Securities Exchange Act of 1934 and the rules of the Securities and Exchange Commission thereunder as in effect on the date hereof), of Equity Interests representing more than 35% of the aggregate ordinary voting power represented by the issued and outstanding Equity Interests of the Company; (b) occupation of a majority of the seats (other than vacant seats) on the board of directors of the Company by Persons who were neither (i) nominated by the board of directors of the Company nor (ii) appointed by directors so nominated; or (c) the acquisition of direct or indirect Control of the Company by any Person or group; or (d) the occurrence of a change in control, or other similar provision, as defined in any agreement or instrument evidencing any Material Indebtedness (triggering a default or mandatory prepayment, which default or mandatory prepayment has not been waived in writing); or (e) the Company ceases to own, directly or indirectly, and Control 100 % (other than directors' qualifying shares) of the ordinary voting and economic power of any Foreign Subsidiary Borrower, other than, to the extent such Subsidiaries are Foreign Subsidiary Borrowers, PKL and PSMC in respect of which the Company will continue to own and Control more than 50% (h) any representation, warranty or signature herein or made by Lessee or any surety or guarantor of Lessee's obligations, if any, in any document delivered to Lessor in connection with this Agreement or any Lease shall be false or misleading in any material respect when made: (i) Lessee or any guarantor is in default under any other agreement with Lessor or any affiliate of Lessor (including without limitation TD Bank. N.A.) or any other person; (j) Lessee engages in any criminal conduct that subjects the Equipment to seizure and/or confiscation by governmental authorities; (k) Lessee uses or permits use of the Equipment in a fashion not covered by the required insurance policies; (l) without the prior written consent of Lessor, Lessee attempts to remove, sell, transfer, encumber, part with possession, or sublet any item of Equipment; (m) Lessee suffers a material adverse change in its financial condition, business, operations or assets and, as a result, Lessor deems itself or any of its Equipment to be insecure; (n) the termination of all or substantially all of Lessee's business relationship, if any, with TD Bank, N.A. its successors or assigns; or (o) any default under any guaranty agreement executed in connection with this Agreement or any Lease, if any.

13. **REMEDIES**. Lessor has the following remedies if an Event of Default should occur: (a) Lessor may cancel or terminate the Leases; (b) with or without notice to Lessee, declare the entire balance of the unpaid Lease Payments for the full term of all Leases plus the additional amount (as defined below) immediately due and payable, sue for and receive all Lease Payments and any other payments then accrued or accelerated under all Leases or any other agreement plus the greater of either (i) the estimated fair market value of the Equipment at the end of the originally scheduled term of all Leases or (ii) Lessor's residual position (as determined by Lessor in its sole discretion), and all accelerated Lease Payments and the estimated fair market value of the Equipment or the Lessor's residual position will be discounted to the date of the default at two percent (2.0%) per year, but only to the extent permitted by law, (c) charge Lessee interest on all monies due Lessor at the rate of eighteen percent (18%) per annum from the date of default until paid, but in no event more than the maximum rate permitted by law; (d) charge Lessee a return-check or non-sufficient funds charge ("NSF Charge) to reimburse Lessor for the time and expense incurred with respect to a check that is returned for any reason including non-sufficient or uncollected funds such NSF charge is stipulated and liquidated at Twenty Five Dollars ($25.00); (e) require that Lessee return the Equipment to Lessor and in the event Lessee fails to return the Equipment peaceably enter upon the premises with or without legal process where the Equipment is located and repossess the Equipment; (f) apply any security deposit to any amounts owing from Lessee to Lessor; and/or (g) setoff against any account maintained with Lessor or any affiliate of Lessor (including without limitation any direct or indirect subsidiary of TD Bank US Holding Company) any and all amounts owing from Lessee to Lessor hereunder or under any Lease. Such return or repossession of the Equipment will not constitute a termination of the applicable Lease unless Lessor expressly notifies Lessee in writing. In the event the Equipment is returned or repossessed by Lessor and unless Lessor has terminated the applicable Lease, Lessor will sell or re-lease the Equipment to any persons with any terms Lessor determines, at one or more public or private sales, with or without notice to Lessee, and apply the net proceeds deducting the costs and expenses of such sales or re-lease to Lessee's obligations with Lessee remaining liable for any deficiency on the Leases and with any excess being retained by Lessor. The credit for any sums to be received by Lessor from the Leases during the remaining portion of the Lease Terms shall be discounted to the commencement date of such Leases at an annual rate equal to the implicit rate of interest with respect to such Lease. Lessee agrees that if notice of sale is required by law to be given, seven (7) days notice shall constitute reasonable notice.

If an Event of Default should occur, Lessee shall indemnify Lessor on demand against any loss, premium, penalty or expense incurred, directly or indirectly, in repaying funds raised to financed any part or all of the Equipment or in unwinding any swap, forward interest rate agreement, or other financial instrument relating in whole or in part to Lessor's financing of the Equipment (including any interest, fees, penalties, breakage costs or other sums whatsoever paid or payable in connection therewith).

Lessee is also required to pay (i) all costs and expenses incurred by Lessor in connection with the enforcement of any remedies, including all expenses incurred in connection with the return or other recovery of any Equipment or other collateral, sale, re-lease or other disposition (including without limitation costs of transportation, possession, storage, refurbishing, advertising and broker's fees) and all other pre-judgment and post-judgment enforcement related to actions taken by Lessor, and/or any actions taken by Lessor in any bankruptcy case involving Lessee, this Equipment or other collateral, and (ii) reasonable attorneys' fees (including consultation, drafting documents, sending notices or instituting, prosecuting or defending litigation or arbitration).

Whenever any Lease Payment is not made within ten (10) days of when due Lessee agrees to pay Lessor, within one month of the original due date, a late charge of five percent (5.0%) for each delayed payment, as compensation for Lessor's internal operating expenses arising as a result of each delayed payment, but only to the extent permitted by law. This amount is payable in addition to all amounts payable by Lessee as a result of the exercise of any other remedies.

Lessee agrees that any delay or failure to enforce Lessor's rights under this Agreement or any Lease does not prevent Lessor from enforcing any rights at a later time. No right or remedy referred to herein is intended to be exclusive, but each shall be cumulative and shall be in addition to any other remedy referred to above or otherwise available at law or in equity, and may be exercised concurrently or separately from time to time. With respect to any exercise by Lessor of its right to recover and/or dispose of any Equipment or other collateral securing Lessee's obligations under any Lease, Lessee acknowledges and agrees that: (i) Lessor shall have no obligation, subject to the requirements of commercial reasonableness, to clean up or otherwise prepare the Equipment or any other collateral for disposition; and (ii) Lessor may comply with any applicable state or federal law required in connection with the disposition of the Equipment or other collateral, and any actions taken in connection therewith shall not be deemed to have adversely effected the commercial reasonableness of any disposition of such Equipment and/or other collateral.

15. **SECURITY DEPOSIT/ADDITIONAL COLLATERAL**.Lessor will retain any required security deposit to insure Lessee's performance of Lessee's obligations. Any security deposit is non-interest bearing. Lessor may apply any security deposit to cure any default by Lessee, in which event Lessee will promptly restore any amount so applied. If Lessee is not in default, any security deposit will be returned to Lessee at the termination of a Lease. In the event that Lessee grants to any affiliate of Lessor (including any direct or indirect subsidiary of TD Bank US Holding Company) a lien or security interest in any real or personal property of Lessee other than the Equipment, Lessee agrees that such lien or security interest shall, without further action, by Lessee also secure the Lease Payments and the Performance by Lessee of its obligations under the Lease and that such affiliate shall be deemed Lessor's agent for the purpose of perfecting such lien or security interest in such additional collateral.

16. **<u>COSTS AND EXPENSES</u>**. Lessee shall reimburse Lessor, upon demand, for all reasonable costs and expenses incurred in connection with this Agreement or any Lease, including without limitation attorney's fees, processing fees, filing fees, overnight delivery costs, long distance telephone charges, copying costs and the cost of obtaining credit reports, certified articles of organization, good standing certificates, lien searches and UCC 1 title insurance.

17. **<u>REPRESENTATIONS AND WARRANTIES</u>**. Lessee warrants and represents to Lessor that (a) the Equipment will be used for business purposes, and not for personal, family or household purposes, (b) Lessee is an entity duly organized, validly existing and in good standing with the laws of the jurisdiction specified below Lessee's signature, and the organizational number assigned to Lessee in such jurisdiction, if any, is as specified below Lessee's signature and Lessee (and each of its predecessors) has not in the past five (5) years, changed its jurisdiction of formation, organizational structure or type, or any organizational number assigned by its jurisdiction of formation. (c) Lessee's full and accurate legal name is as first provided above (d) Lessee has the power and capacity to enter into this Agreement all documents related to the purchase of the Equipment and any other documents required to be delivered in connection herewith (collectively the "Documents") and (e) the Documents have been duly authorized, executed and delivered by Lessee and constitute valid, legal and binding agreements, enforceable in accordance with their terms, except to the extent that the enforcement of remedies herein or therein provided may be limited under applicable bankruptcy and insolvency laws.

18. **FINANCIAL INFORMATION**. At Lessor’s request, Lessee shall provide Lessor with (i) audited or reviewed (as required by Lessor) annual consolidated and consolidating financial statements, prepared in accordance with generally accepted accounting principles applied on a basis consistent with the most recent audited or reviewed, as applicable, financial statements provided to Lessor by Lessee, including balance sheets, income and cash flow statements, accompanied by the unqualified report thereon of an independent certified public accountant acceptable to Lessor, as soon as available, and in any event within 120 days after the end of each of Lessee’s fiscal year; (ii) by April 15 of each calendar year, each guarantor’s, if any, annual financial statement for the immediately preceding calendar year and copies of such guarantor’s state and federal tax returns for the immediately preceding calendar year; (iii) such other reports and financial information as may be requested by Lessor and (iv) Lessee represents and warrants that any financial statements previously delivered to Lessor by Lessee or any guarantor and any financial statements delivered to Lessor pursuant to preceding clauses (i) and (ii) are and will be complete and correct and fairly present the financial condition of the Lessee and guarantors as of the dates of such financial statements and the results of Lessee’s and guarantors’ operations and cash flows for the periods referred to therein in accordance with generally accepted accounting principles, consistently applied. Lessee represents and warrants to Lessor that, since the most recent submission of financial statements by Lessee and the guarantors to Lessor there has been no material adverse change in the financial condition or business of the Lessee or any guarantor.

19. **UCC FILINGS**. Lessee authorizes Lessor to file a financing statement with respect to the Equipment with or without Lessee’s signature where permitted by the UCC and grant Lessor the right to sign such financing statement on Lessee’s behalf. The filing of a financing statement is not to be construed as evidence that any security interest was intended to be created, but only to give public notice of Lessor’s ownership of the Equipment. If a Lease is deemed at any time to be one intended as security then Lessee grants Lessor a first priority security interest in the Equipment together with all related software (embedded therein or otherwise) and general intangibles, and all additions, accessories, attachments and accessions thereto whether furnished by the supplier of the Equipment, all sublease, chattel paper, accounts and security deposits relating thereto, and any and all substitutions, replacements or exchanges for such item of Equipment, in each such case in which Lessee shall from time to time acquire an interest, and any and all proceeds (including insurance proceeds) of the Equipment and other collateral in and against which a security interest is granted hereunder. Lessee will promptly execute, or otherwise authenticate and deliver to Lessor such further documents, instruments, assurances and other records and take such further action as Lessor from time to time may reasonably request in order to carry out the intent and purpose of this Agreement and to establish and protect the rights and remedies created or intended to be created in favor of Lessor under the Documents (including without limitation (i)lien searches and (ii) such UCC financing statements, fixtures filing and waivers as reasonably may be required by Lessor in connection with any change in circumstances relating to Lessee, the Equipment or otherwise): provided, however, Lessee hereby authorizes Lessor to file any and all of the same without Lessee’s authentication, to the extent permitted by applicable law. Lessee shall provide written notice to Lessor not less than thirty (30) days prior to any contemplated change in the name, the jurisdiction of organization or address of the chief executive office, of Lessee.

20. **NOTICE**. Written notices will be deemed to have been given when delivered in person or if sent by certified mail, postage pre-paid return receipt requested, or by reliable nationally recognized overnight courier, addressed to the recipient at its address above or at any other address subsequently provided in writing.

21. **UCC – ARTICLE 2A PROVISIONS**. Lessee agrees that this Lease is a “finance lease” as that term is defined in Article 2A of the Uniform Commercial Code (“UCC”). Lessee acknowledges that Lessor has given Lessee the name of the Supplier of the Equipment for each Lease. Lessor hereby notifies Lessee that Lessee may have rights under the contract with the Supplier and Lessee may contact the Supplier for a description of any rights or warranties that Lessee may have under this supply contact. LESSEE ALSO WAIVES ANY AND ALL RIGHTS AND REMEDIES GRANTED LESSEE UNDER SECTIONS 2A-508 THROUGH 2A-522 OF THE UCC.

22. **CHOICE OF LAW**. This Agreement and all Leases were made in the State of Delaware; and they are to be performed in the State of Delaware by reason of the Lease Payments Lessee is required to pay Lessor in State of Delaware. This Agreement and all Leases shall in all respects be interpreted and all transactions subject to this Agreement and all rights and liabilities of the parties under this Agreement and all Leases shall be determined and governed as to their validity, interpretation, enforcement and effect by the laws of the State of Delaware except for local filing requirements. Lessee consents to and agrees that personal jurisdiction over Lessee and subject matter jurisdiction over the Equipment shall be with the courts of the State of Delaware or the United States District Court for the District of Delaware solely at Lessor’s option with respect to any provision of this Agreement or any Lease. Lessee also waives Lessee’s right to a trial by jury.

23. **ENTIRE AGREEMENT; SEVERABILITY; WAIVERS**. This Agreement and all Leases contain the entire agreement and understanding of the parties hereto. No agreements or understanding are binding on the parties unless set forth in writing and signed by the parties. Any provision of this Agreement or any Lease which for any reason may be held unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective without invalidating the remaining provisions of this Agreement and the Leases.

24. **SECUTITY AND DEPOSIT ACCOUNT CONTROL AGREEMENT**.To secure its obligations to Lessor under this Agreement and all Leases, Lessee hereby grants to Lessor a Security interest in all deposit accounts of Lessee held by TD Bank N.A. (''Bank''), whether now existing or hereafter created, including without limitation Account No.______________ (collectively the ''Accounts'') and hereby agrees that this Section 24 shall constitute a deposit account control agreement among Lessee, Lessor and Bank with respect to such Accounts. Bank will comply with the instructions given by Lessor concerning the Accounts, including, but not limited to, instructions to close the Accounts and transmit the balances of the Accounts to Lessor, without any further consent of Lessee. Bank may comply with Lessee's instructions concerning the Accounts until Lessor notifies Bank that Lessor is exercising exclusive control over the Accounts. As soon as possible after Lessor notifies Bank of Lessor's exclusive control, Bank shall stop complying with any instructions given by Lessee. On and after receipt of Lessor's notice of exclusive control, Bank may refuse to pay checks drawn on Lessee's Accounts and Bank shall have no liability to Lessee for any such refusal. Bank will upon request by Lessor send copies of all statements and other correspondence concerning the Accounts to Lessor. Bank has no liability to Lessee for complying with Lessor's notice of exclusive control or complying with instructions concerning the Accounts or the related records given by Lessor. This Section 24 does not create any obligation or duty of Bank other than those expressly set forth herein. All income, gain, expense and loss recognized in the Accounts shall be reported to all taxing authorities under Lessee's name and taxpayer identification number. The terms of this Section 24 will prevail if they conflict with any other agreement between Bank and Lessee. The obligations of Bank under this Section 24 shall continue until Lessor has notified Bank that Bank is released from further obligation to comply with Lessor's instructions concerning the Accounts. No amendment, modification or termination of this Section 24 or waiver of any right shall be binding on any party unless it is in writing and is signed by the party to be charged.

THIS AGREEMENT IS NOT BINDING UNTIL ACCEPTED BY LESSOR

IN WITNESS WHEREOF, the undersigned parties have executed this Agreement as of the date first set forth above.

LESSOR:
TD EQUIPMENT FINANCE, INC.

By: ______________________________

Name: ______________________________

Title: ______________________________

LESSEE:
PHOTRONICS, INC.

By: ______________________________

Name: ______________________________

Title: ______________________________

Jurisdiction of Organization: Connecticut

Organizational Number: 0036597

Chief Executive Office: 15 Secor Road
Brookfield CT 06804

For purposes of Section 24 Only:

Bank:

TD Bank, N.A.

By: ______________________________

Name: ______________________________

Title: ______________________________

Address: ______________________________
____
____

RIDER NO. 2 TO MASTER LEASE SCHEDULE NO. 2

(Progress Payment/Partial Delivery Rider)

This Progress Payment/Partial Delivery Rider (this "Rider") is made a part of that certain Master Lease Schedule No. 2 dated as of February 12, 2013 (the "Schedule") entered into in connection with the Master Lease Agreement dated as of April 13, 2011 (the "Agreement"), all between **TD EQUIPMENT FINANCE, INC.** as Lessor and **PHOTRONICS, INC.** as Lessee. Lessee has executed and delivered to Lessor a Promissory Note in the face amount of $33,322,513.00 dated of even date herewith (the "Note"). All capitalized terms used herein which are not defined herein shall have the meanings set forth in the Agreement or in the Schedule. To the extent that any of the terms and conditions of this Rider conflict with or are inconsistent with the Agreement or the Schedule, this Rider shall govern and control.

1. Progress Payments and Partial Deliveries. Certain of the vendors, suppliers, and/or manufacturers of equipment require the payment of progress or pre-delivery payments or deposits pursuant to their invoices or purchase orders or agreements. Additionally, equipment may be delivered to Lessee over a period of time prior to the Commencement Date. Lessee has executed and delivered to Lessor a Promissory Note in the face amount of $33,322,513.00 dated of even date herewith (the "Note"). Lessee requests that Lessor, pursuant to the invoices and/or purchase orders or agreements described (by reference to an order number or date) in Exhibit A attached hereto (each, a "Purchase Order") with respect to the items of equipment described in Exhibit A attached hereto (the "Funded Equipment"), make advances on the Note to (a) fund Lessee's progress or pre-delivery payments or deposits and to reimburse Lessee with respect to progress or pre-delivery payments or deposits previously made by Lessee (each, a "Progress Payment") to vendors, suppliers, and/or manufacturers (each, a "Vendor") and/or (b) fund Vendors an amount equal to the purchase price of such of the equipment delivered prior to the Commencement Date and described in Exhibit A attached hereto or services invoiced by such Vendors and any other sums due such Vendors pursuant to Purchase Orders (each, a "Partial Delivery Purchase Price", with Progress Payments and Partial Delivery Purchase Prices being collectively referred to as the "Advances" and each as an "Advance"). The aggregate amount of the Advances shall not exceed the face amount of the Note, and all Advances must be made no later than March 30, 2014 (the "Funding Expiration Date"). Advances shall be repayable to Lessor together with interest, at the rate specified in the Note, and any other amounts due and payable in accordance with the terms of this Rider. With respect to an Advance, Lessor may enter or revise, as applicable, on Exhibit A attached hereto the name of a Vendor, the description of the Purchase Order, the date(s) and amount(s) of Advances to such Vendor, and a description of the Funded Equipment related thereto, which, in the absence of manifest error, shall be conclusively binding on Lessee.

2. Required Documentation. Subject to the condition (i) of Lessor's prior receipt and approval of all Required Documentation (as defined below), (ii) that no Termination Event (as defined below) shall have occurred, (iii) that no breach of or default under a Purchase Order shall have occurred and be continuing and each Purchase Order shall then be in full force and effect, and (iv) of satisfaction of all of the terms and conditions set forth herein, Lessor agrees to make the Advances contemplated hereby. "Required Documentation" means any documentation required of Lessee or any third party (including a Vendor) by Lessor from time to time in its sole discretion in connection with the Schedule, the Agreement or any Advance, including but not limited to a demand promissory note or acknowledgements by Lessee of Lessor's payment of any Advance, assignments of Purchase Orders, acknowledgements and agreements with Vendors confirming Lessor's unencumbered ownership of or first priority lien in and to the Funded Equipment, disbursement authorizations and invoices concerning the purchase and sale of the Funded Equipment, bills of sale or other documentation to evidence conveyance to Lessor by a Vendor of title to Funded Equipment, lease or equipment schedules, delivery and acceptance certificates, officer certificates, guaranties, landlord or mortgagee waivers, disclaimers of interest or intercreditor agreements from other creditors, legal opinions, and Uniform Commercial Code financing statements (each of the foregoing in form and substance satisfactory to Lessor). Without limiting the generality of the foregoing, Lessee hereby represents, warrants, covenants, and agrees that (a) prior to Lessor making any Advance under this Rider, Lessee shall have provided Lessor with true, correct and complete copies of all Purchase Orders satisfactory in all respects to Lessor, which shall in all events accurately identify the equipment covered by such Purchase Orders and their component parts, and accurately and completely describe the total and component costs therefor and any applicable rebates, discounts, or refunds available to Lessee and (b) without the prior written consent of Lessor, Lessee shall not amend or otherwise modify the terms of a Purchase Order, waive or relinquish any of its rights with respect to a Purchase Order, or consent to, approve, or acquiesce in any delay in performance by a Vendor with respect to a Purchase Order.

3. Security. In order to secure the prompt payment and performance when due (by reason of acceleration or otherwise) of all indebtedness, obligations, or liabilities of Lessee and any affiliate, parent, or subsidiary of Lessee owing to Lessor or any affiliate, parent or subsidiary of Lessor, of every kind and description, direct or indirect, secured or unsecured, joint or several, absolute or contingent, due or to become due, whether for payment or performance now existing or hereafter arising, regardless of how the same arise or by whatever instrument, agreement, or book account they may be evidenced (including, without limitation, any Advances or otherwise under or in respect of the Schedule, the Agreement, or the Note) (the “Obligations”), Lessee hereby grants and conveys to Lessor a security interest in all of Lessee’s rights, title and interests of whatever kind or description in and to the Purchase Orders, the Funded Equipment and all present or future additions, attachments or accessories related thereto and replacements thereof, all tools, manuals, service records, software and similar information and materials applicable to such Funded Equipment, Lessee’s rights in any items of equipment identified to any Purchase Order, Lessee’s rights in any Progress Payments made to a Vendor and other progress, pre-delivery payments or deposits with respect to any Purchase Orders not funded by Lessor, and the products, proceeds (including insurance proceeds), rents and profits therefrom or thereof, whether now existing or hereafter acquired (collectively, the “Collateral”). Lessee represents, warrants, covenants, and agrees that the security interest in the Collateral granted herein shall have priority over any other security interest granted by Lessee or retained by a Vendor or any other person or entity other than Lessor, and Lessee shall, at its own cost and expense, promptly take such action as Lessor shall deem necessary or advisable to fully discharge all such other liens and security interests in the Collateral which result from claims against Lessee not related to the transactions contemplated by the Agreement, the Schedule, or this Rider. Lessee hereby irrevocably appoints Lessor its true and lawful attorney, with full power of substitution, to take such action as Lessor may deem necessary to protect and preserve its security interest in the Collateral and waives any rights to notice, presentment, demand for payment, notice of dishonor, protest and notice of protest, and marshalling to the extent permitted by applicable law.

4. Termination. If (a) all of the Equipment has not been delivered and accepted by Lessee for any reason under the Agreement or the Schedule on or before the Funding Expiration Date or within fifteen (15) days after notice from Lessor to Lessee of delay, or anticipated delay, in delivery or completion of installation of all of the Equipment, (b) Lessee shall terminate or cancel any Purchase Order or any invoice, purchase order or agreement for any of the Equipment not covered by a Purchase Order, or Lessee shall fail to unconditionally accept (subject to any warranties or other undertakings of a Vendor or other vendor, supplier or manufacturer) any of the Equipment upon delivery thereof, (c) any Vendor or other vendor, supplier or manufacturer shall fail and/or be unable to deliver the Equipment pursuant to any Purchase Order, or pursuant to any invoice or purchase order or agreement not constituting a Purchase Order, or to convey good and marketable title to Lessor free and clear of all liens, claims, security interests and encumbrances and as otherwise required by the Agreement, (d) Lessee fails to observe or perform any term, covenant or condition of this Rider and such condition continues for ten (10) days from the occurrence of such failure, or (e) there occurs an Event of Default under the Agreement (each of (a) – (e), a “Termination Event”), then (i) Lessor may elect, upon written notice to Lessee, to terminate the Schedule and this Rider and accelerate all indebtedness due on the Note, in which case Lessor shall immediately upon demand pay to Lessor the amount of all Advances made under the Note and pursuant hereto, plus all accrued and unpaid interest and other charges and amounts then outstanding or payable as provided hereunder, under the Note and/or under the Schedule and the Agreement; (ii) Lessor shall have no further obligation of any kind whatsoever to make any Advances; and (iii) Lessor shall have, in addition to any other rights and remedies available under the Agreement, all of the rights and remedies of a secured party under the Uniform Commercial Code in effect in the jurisdiction whose law has been selected to govern the Agreement.

5. Miscellaneous. Nothing herein shall be deemed or construed to limit or affect in any way Lessor's absolute and unconditional right to require payment by Lessee of all amounts owing under the Note upon the occurrence of a Termination Event. Interest on all Advances will accrue from the date that each such Advance is made by Lessor through the Commencement Date or the repayment in full of all amounts owing hereunder and under any promissory note, whichever shall occur first. Lessee hereby acknowledges and agrees that section 11 of the Agreement (concerning taxes) is applicable with respect to the Funded Equipment, and, upon the repayment to Lessor of the Advances (or other discharge or satisfaction thereof) other than in connection with Permanent Funding (as defined below), Lessee shall pay to Lessor any sale and use taxes due or payable on account of the purchase of any of the Funded Equipment as well as any other fees or taxes specified in section 11 of the Agreement due or payable with respect to the Funded Equipment. The obligation to repay Advances, and the Note, may be discharged by Lessor's funding of the amounts contemplated in the Schedule (the "Permanent Funding") on or before the Funding Expiration Date, upon Lessee's unconditional acceptance of the Equipment described in the Schedule for all purposes under the Agreement and the Schedule and prior satisfaction of all terms and conditions deemed necessary or appropriate by Lessor, in its business judgment, in connection with such funding and for the protection and perfection of Lessor's rights and interests in the Equipment, including but not limited to the execution and delivery of additional documents, instruments, schedules, security agreements, secretary certificates, landlord/mortgagee waivers, guaranties, disclaimers of interest and/or intercreditor agreements from other creditors, acknowledgements, authorizations and certificates of third parties or public officials, legal opinions of counsel to Lessee and UCC financing statements and related filings, all of which shall be received by Lessor on or before the time specified for such funding by Lessor. If Lessee shall repay an Advance, or a portion thereof (other than in connection with Permanent Funding (as provided in the immediately preceding sentence hereof)), in connection with a lease or other financing of the Funded Equipment with a lessor other than TD Equipment Finance, Inc. or Lessee's determination not to proceed with financing of the Funded Equipment, Lessee shall pay to Lessor in addition thereto a change equal to five percent (5%) of the Advance, at Lessor's option, or portion thereof, so repaid.

LESSEE:
PHOTRONICS, INC.

By: ______________________
Name:
Title:
Date: ______________________

LESSOR:
TD EQUIPMENT FINANCE, INC.

By: ______________________
Name:
Title:
Date: ______________________

EXHIBIT 31.1

I, Constantine S. Macricostas, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Photronics, Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CONSTANTINE S. MACRICOSTAS
Constantine S. Macricostas
Chief Executive Officer
March 5, 2013

EXHIBIT 31.2

I, Sean T. Smith, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Photronics, Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ SEAN T. SMITH

Sean T. Smith
Chief Financial Officer
March 5, 2013

EXHIBIT 32.1

Section 1350 Certification of the Chief Executive Officer

I, Constantine S. Macricostas, Chief Executive Officer of Photronics, Inc. (the "Company"), certify, to my knowledge, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) the Quarterly Report on Form 10-Q of the Company for the quarter ended January 27, 2013 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

The foregoing certification is being furnished pursuant to 18 U.S.C. § 1350 and will not be deemed "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference.

/s/ CONSTANTINE S. MACRICOSTAS
Constantine S. Macricostas
Chief Executive Officer
March 5, 2013

EXHIBIT 32.2

Section 1350 Certification of the Chief Financial Officer

I, Sean T. Smith, Chief Financial Officer of Photronics, Inc. (the "Company"), certify, to my knowledge, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) the Quarterly Report on Form 10-Q of the Company for the quarter ended January 27, 2013 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

The foregoing certification is being furnished pursuant to 18 U.S.C. § 1350 and will not be deemed "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference.

/s/ SEAN T. SMITH

Sean T. Smith
Chief Financial Officer
March 5, 2013