SECURITES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended........April 30, 2001.........

OR

[ ] 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)	(I.R.S. Employer Identification No.)
...1061 EAST INDIANTOWN ROAD, JUPITER, FL...	...33477...
(Address of principal executive offices)	(Zip Code)

...(561) 745-1222...
(Registrant's telephone number, including area code)

....
(Former name, former address and former fiscal year, if changed since last report)

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 .....

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 June 5, 2001
COMMON STOCK, $.01 PAR VALUE	29,986,517 SHARES

PHOTRONICS, INC.

AND SUBSIDIARIES

INDEX

PART I. FINANCIAL INFORMATION

ITEM I. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

PHOTRONICS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET
(IN THOUSANDS)

ASSETS

	APRIL 30, 2001 (UNAUDITED)	OCTOBER 31, 2000
Current assets:		
Cash and cash equivalents	$ 25,187	$ 38,182
Accounts receivable (less allowance for doubtful accounts of $753 in 2001 and $881 in 2000)	69,590	64,019
Inventories	20,201	18,486
Deferred income taxes and other current assets	24,425	17,906
Total current assets	139,403	138,593
Property, plant and equipment (less accumulated depreciation of $241,465 in 2001 and $231,426 in 2000)	361,519	395,281
Intangible assets (less accumulated amortization of $10,293 in 2001 and $9,373 in 2000)	52,918	59,277
Investments and other assets	21,221	16,410
	$575,061	$609,561

See accompanying notes to condensed consolidated financial statements.

PHOTRONICS, INC. AND SUBISIDARIES

CONDENSED CONSOLIDATED BALANCE SHEET
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

LIABILITIES AND SHAREHOLDERS' EQUITY

	APRIL 30, 2001 (UNAUDITED)	OCTOBER 31, 2000
Current liabilities:		
Current portion of long-term debt	$ 940	$ 849
Accounts payable	33,173	37,917
Accrued salaries and wages	5,114	5,264
Other accrued liabilities	20,777	7,539
Total current liabilities	60,004	51,569
Long-term debt	168,602	202,797
Deferred income taxes and other liabilities	33,401	34,089
Total liabilities	262,007	288,455
Minority interest	29,093	27,126
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, $0.01 par value, 2,000 shares authorized, none issued and outstanding	--	--
Common stock, $0.01 par value, 75,000 shares authorized, 29,967 shares issued and outstanding in 2001 and 29,688 issued and outstanding in 2000	300	297
Additional paid-in capital	141,747	136,445
Retained earnings	159,457	167,246
Accumulated other comprehensive loss	(17,543)	(9,877)
Deferred compensation on restricted stock	--	(131)
Total shareholders' equity	283,961	293,980
	$ 575,061	$ 609,561

See accompanying notes to condensed consolidated financial statements.

PHOTRONICS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

(UNAUDITED)

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	APRIL 30, 2001	APRIL 30, 2000	APRIL 30, 2001	APRIL 30, 2000
Net sales	$ 100,572	$ 76,360	$ 199,129	$ 148,945
Costs and expenses:				
Cost of sales	64,235	51,132	127,464	101,467
Selling, general and administrative	13,137	10,688	26,611	21,428
Research and development	6,130	4,924	11,986	9,737
Consolidation, restructuring and related charges	38,100	17,500	38,100	17,500
Operating income (loss)	(21,030)	(7,884)	(5,032)	(1,187)
Other expenses, net	(1,837)	(205)	(4,613)	(1,384)
Income (loss) before income taxes and minority interest	(22,867)	(8,089)	(9,645)	(2,571)
Provision (benefit) for income taxes	(8,200)	(2,787)	(4,500)	(800)
Income (loss) before minority interest	(14,667)	(5,302)	(5,145)	(1,771)
Minority interest in income of consolidated subsidiary	(1,524)	--	(2,644)	--
Net income (loss)	$ (16,191)	$ (5,302)	$ (7,789)	$ (1,771)
Earnings (loss) per share:				
Basic	$ (0.54)	$ (0.19)	$ (0.26)	$ (0.06)
Diluted	$ (0.54)	$ (0.19)	$ (0.26)	$ (0.06)
Weighted average number of common shares outstanding:				
Basic	29,908	28,249	29,811	28,062
Diluted	29,908	28,249	29,811	28,062

See accompanying notes to condensed consolidated financial statements.

PHOTRONICS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(IN THOUSANDS)

(UNAUDITED)

	SIX MONTHS ENDED	
	APRIL 30, 2001	APRIL 30, 2000
Cash flows from operating activities:		
Net loss	$ (7,789)	$ (1,771)
Adjustment to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	35,581	25,341
Deferred taxes and other	(7,817)	(4,992)
Consolidation, restructuring and related charges	38,100	17,500
Changes in assets and liabilities:		
Accounts receivable	(5,507)	(1,072)
Inventories	(1,654)	1,689
Other current assets	1,000	(5,714)
Accounts payable and accrued liabilities	8,055	(22,530)
Net cash provided by operating activities	59,969	8,451
Cash flows from investing activities:		
Investment in photomask operations	(12,689)	(31,500)
Deposits on and purchases of property, plant and equipment	(28,886)	(19,612)
Other	667	(938)
Net cash used in investing activities	(40,908)	(52,050)
Cash flows from financing activities:		
Borrowings (repayments) of long term debt	(34,016)	32,889
Proceeds from issuance of common stock	3,577	4,993
Net cash provided by (used in) financing activities	(30,439)	37,882
Effect of exchange rate changes on cash flows	(1,617)	(1,714)
Net decrease in cash and cash equivalents	(12,995)	(7,431)
Cash and cash equivalents at beginning of period	38,182	23,115
Adjustment related to Align-Rite's net cash flows from differences in fiscal reporting periods	--	90
Cash and cash equivalents at end of period	$ 25,187	$ 15,774
Cash paid during the period for:		
Interest	$ 5,435	$ 4,263
Income taxes	$ 156	$ 909

See accompanying notes to condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
THREE AND SIX MONTHS ENDED APRIL 30, 2001 AND 2000
(UNAUDITED)

NOTE 1 - BASIS OF FINANCIAL STATEMENT PRESENTATION

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States 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 for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and six months ended April 30, 2001 are not necessarily indicative of the results that may be expected for the year ending October 31, 2001. Certain amounts in the Condensed Consolidated Financial Statements for prior periods have been reclassified to conform to the current presentation. 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 31, 2000.

NOTE 2 - BUSINESS COMBINATIONS

ALIGN-RITE MERGER

On June 7, 2000, Photronics completed its merger with Align-Rite International, Inc. ("Align-Rite"), hereinafter collectively referred to as the Company. The merger constituted a tax-free reorganization and has been accounted for as a pooling-of-interests. The Condensed Consolidated Financial Statements for the three and six months ended April 30, 2001 and 2000 and the accompanying notes thereto reflect the Company's financial position, results of operations and cash flows as if Align-Rite had been a wholly-owned subsidiary of Photronics for all periods presented. The financial statement balances of Align-Rite have been reclassified to conform to Photronics' presentation.

ACQUISITION OF PSMC

During fiscal year 2000, the Company acquired a majority share of Precision Semiconductor Mask Corporation (PSMC), a photomask manufacturer based in Taiwan, for approximately $63.4 million. The acquisition was accounted for as a purchase. The operating results of PSMC have been included in the Condensed Consolidated Statement of Operations since June 20, 2000. Had the acquisition of PSMC occurred at the beginning of fiscal 2000, the unaudited pro forma condensed consolidated net sales for the three and six months ended April 30, 2000 would have been $82.1 million and $158.7 million, respectively, and the pro forma net loss and loss per diluted share for the three and six months ended April 30, 2000 would have been $7.6 million and $5.8 million, respectively, and $0.27 and $0.21, respectively. In management's opinion, these unaudited pro forma amounts are not necessarily indicative of what the actual combined results of operations might have been if the acquisition of PSMC had been effective at the beginning of the periods presented.

NOTE 3 - COMPREHENSIVE INCOME (LOSS)

The following table summarizes comprehensive income (loss) for the three and six months ended April 30, 2001 and 2000:

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	APRIL 30, 2001	APRIL 30, 2000	APRIL 30, 2001	APRIL 30, 2000
Net loss	$(16,191)	$ (5,302)	$ (7,789)	$(1,771)
Other comprehensive loss:				
Unrealized gains (losses) on investments	(1,633)	(88)	(1,491)	2,953
Foreign currency translation adjustments	(5,741)	(297)	(6,175)	(3,104)
	(7,374)	(385)	(7,666)	(151)
	$(23,565)	$ (5,687)	$(15,455)	$(1,922)

NOTE 4 - EARNINGS PER SHARE

Earnings per share ("EPS") amounts are calculated in accordance with the provisions of SFAS No. 128. Basic EPS is based on the weighted average number of common shares outstanding for the period, excluding any dilutive common share equivalents. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted.

A reconciliation of basic and diluted EPS for the three and six months ended April 30, 2001 and 2000, respectively, is as follows (in thousands, except per share amounts):

	NET INCOME (LOSS)	AVERAGE SHARES OUTSTANDING	EARNINGS (LOSS) PER SHARE
THREE MONTHS			
2001:			
Basic and diluted (a)	$(16,191)	29,908	$(0.54)
2000:			
Basic and diluted (a)	$ (5,302)	28,249	$(0.19)
SIX MONTHS			
2001:			
Basic and diluted (a)	$ (7,789)	29,811	$(0.26)
2000:			
Basic and diluted (a)	$ (1,771)	28,062	$(0.06)

(a) The effect of the conversion of the convertible subordinated notes and stock options for the three and six months ended April 30, 2001 and 2000 is anti-dilutive.

NOTE 5 - CONSOLIDATION, RESTRUCTURING AND RELATED CHARGES

In April 2001, the Company announced a plan to consolidate ("the consolidation plan") its global photomask manufacturing network in order to increase capacity utilization and manufacturing efficiencies, as well as to accelerate the expansion of its world-class technology development. The Company initiated the consolidation plan as the final phase of its June 2000 merger with Align-Rite. Total consolidation and related charges associated with this plan of $38.1 million were recorded in the second quarter of 2001. Of the total charge, $30.6 million related to the consolidation plan and $7.5 million related to the impairment of intangible assets.

The significant components of the consolidation plan include the closing of the former Align-Rite manufacturing facilities in Burbank, California, Palm Bay, Florida and Heilbronn, Germany over the next twelve months. The Company anticipates that the closing of these facilities will maximize capacity utilization at its remaining facilities. In addition, the Company will be relocating its Northern California operations to a new, state-of-the-art manufacturing facility in the Silicon Valley region. As part of the plan, the Company will reduce its work force by approximately 125 employees.

The consolidation charge of $30.6 million includes: $4.0 million of cash charges for severance benefits for terminated employees that will be paid during their entitlement periods; $4.5 million for facilities closings and lease termination costs that will be expended over the projected lease terms; and non-cash charges of $22.1 million that approximate the carrying value of fixed assets that are primarily associated with the consolidation plan based upon their expected disposition.

The charges also included $7.5 million that are related to the impairment in value of associated intangible assets. It was determined during the period that such assets no longer had any future economic benefit to the Company because the anticipated undiscounted cumulative cash flows from these assets were insufficient to support their carrying value.

NOTE 6 - RECENT ACCOUNTING PRONOUNCEMENTS

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." The new standard requires companies to record derivatives on the balance sheet as assets or liabilities, measured at fair value. Gains or losses resulting from changes in the values of those derivatives are reported in the Statement of Operations or as other comprehensive income (loss) as a separate component of shareholders' equity, depending on the use of the derivatives and whether they qualify for hedge accounting. In order to qualify for hedge accounting, the derivative must be highly effective in achieving offsetting changes in fair value or cash flows of the hedged items during the term of the hedge. The Company adopted SFAS No. 133, as amended by SFAS No. 138, in the first quarter of fiscal year 2001. The adoption did not have a material impact on the Company's financial statements.

NOTE 7 - SUBSEQUENT EVENTS

On June 12, 2001, the Company's $125 million unsecured revolving credit facility was amended in order to modify certain financial covenants and definitions in connection with the consolidation plan. The Company is subject to compliance with and maintenance of certain financial covenants and ratios set forth in the credit facility, as amended.

In June 2001, the Company announced it had acquired additional shares of PKL Co., Ltd. ("PKL"), an independent photomask supplier in Korea. The Company now owns approximately 23% of PKL. As of April 30, 2001 the Company owned approximately 14% of PKL.

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

OVERVIEW

On June 7, 2000, Photronics, Inc. ("Photronics" or the "Company"), completed its merger with Align-Rite International, Inc. ("Align-Rite"), an independent publicly traded manufacturer of photomasks in the United States and Europe. The transaction was accounted for as a pooling-of-interests. The Condensed Consolidated Financial Statements, the accompanying notes and this management discussion and analysis have been restated to reflect the Company's financial results of operations and cash flows as if Align-Rite was a consolidated wholly-owned subsidiary of the Company for all periods presented.

During fiscal year 2000, the Company acquired a majority share of Precision Semiconductor Mask Corporation (PSMC), a photomask manufacturer based in Taiwan, for approximately $63.4 million. The acquisition was accounted for as a purchase. The operating results of PSMC have been included in the Condensed Consolidated Statement of Operations since June 20, 2000.

In April 2001, the Company announced a plan to consolidate ("the consolidation plan") its global photomask manufacturing network in order to increase capacity utilization and manufacturing efficiencies, as well as to accelerate the expansion of its world-class technology development. The Company initiated the consolidation plan as the final phase of its June 2000 merger with Align-Rite. Total consolidation and related charges associated with this plan of $38.1 million were recorded in the second quarter of 2001. Of the total charge, $30.6 million related to the consolidation plan and $7.5 million related to the impairment of intangible assets.

The significant components of the consolidation plan include the closing of the former Align-Rite manufacturing facilities in Burbank, California, Palm Bay, Florida and Heilbronn, Germany over the next twelve months. The Company anticipates that the closing of these facilities will maximize capacity utilization at its remaining facilities. In addition, the Company will be relocating its Northern California operations to a new, state-of-the-art manufacturing facility in the Silicon Valley region. As part of the plan, the Company will reduce its work force by approximately 125 employees.

The consolidation charge of $30.6 million includes: $4.0 million of cash charges for severance benefits for terminated employees that will be paid over their entitlement periods; $4.5 million for facilities closings and lease termination costs that will be expended over the projected lease terms; and noncash charges of $22.1 million that approximate the carrying value of fixed assets that are primarily associated with the consolidation plan based upon their expected disposition.

The charges also included $7.5 million that are related to the impairment in value of associated intangible assets. It was determined during the period that such assets no longer had any future economic benefit to the Company because the anticipated undiscounted cumulative cash flows from these assets were insufficient to support their carrying value.

During March 2000, the Company implemented a plan to consolidate its mature products group in order to increase capacity utilization, manufacturing efficiencies and customer service activities worldwide. Total restructuring and related charges associated with this consolidation plan of $17.5 million were recorded in the second quarter of fiscal 2000. Of the total charge, $9.1 million related to restructuring and $8.4 million related to the impairment of intangible assets.

MATERIAL CHANGES IN RESULTS OF OPERATIONS
THREE AND SIX MONTHS ENDED APRIL 30, 2001 VERSUS APRIL 30, 2000

The following tables represent selected financial information, expressed as a percentage of net sales and pro forma earnings per diluted share, respectively:

	Three Months Ended		Six Months Ended	
	April 30, 2001	April 30, 2000	April 30, 2001	April 30, 2000
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of sales	63.9	67.0	64.0	68.1
Gross margin	36.1	33.0	36.0	31.9
Selling, general and administrative expenses	13.0	14.0	13.4	14.4
Research and development expenses	6.1	6.4	6.0	6.5
Operating income before consolidation, restructuring and related charges	17.0%	12.6%	16.6%	11.0%
Pro forma earnings (loss) per diluted share:				
Net income, excluding consolidation restructuring and related charges	$ 0.32	$ 0.21	$ 0.60	$ 0.33
Impact of consolidation, restructuring and related charges	(0.75)	(0.34)	(0.75)	(0.34)
Net loss	$ (0.43)	$ (0.13)	$ (0.15)	$ (0.01)

Net sales for the three and six months ended April 30, 2001 increased 31.7% to $100.6 million and 33.7% to $199.1 million, respectively, compared to $76.4 million and $148.9 million for the corresponding prior year periods. The increases for the three and six months ended April 30, 2001 were due to the addition of the Company's new Taiwan operation, an increase in unit volumes, market share gains and higher average selling prices resulting from an improved mix of high-end technology products. International operations accounted for 39.9% and 38.0% of sales for the three and six months ended April 30, 2001 compared to 27.6% and 28.0% in the corresponding prior year periods.

Gross margins for the three and six months ended April 30, 2001 increased to 36.1% and 36.0%, respectively, compared to 33.0% and 31.9% for the corresponding prior year periods. The gross margin increases were attributable to higher utilization of our fixed equipment cost base, as well as a greater mix of higher margin products.

Selling, general and administrative expenses increased 22.9% to $13.1 million and 24.2% to $26.6 million for the three and six months ended April 30, 2001, respectively, compared with $10.7 million and $21.4 million for the same periods in the prior fiscal year. As a percentage of net sales, selling, general and administrative expenses decreased to 13.0% and 13.4%, respectively, compared with 14.0% and 14.4% for the same periods in the prior fiscal year. The higher expenses for the three and six months ended April 30, 2001 were principally due to costs associated with the Company's expansion, both domestically and internationally, including costs incurred in Taiwan, and growth of the Company's information technology infrastructure.

Research and development expenses increased 24.5% to $6.1 million and 23.1% to $12.0 million for the three and six months ended April 30, 2001, respectively, compared with $4.9 million and $9.7 million for the same periods in the prior fiscal year. As a percentage of net sales, research and development expenses decreased to 6.1% and 6.0%, respectively, compared with 6.4% and 6.5% for the same periods in the prior fiscal year. This increase in costs reflects the continuing development efforts of advanced, sub-wavelength reticle solutions, primarily in the United States, Taiwan and Next Generation Lithography (NGL) applications.

Net other expenses of $1.8 million and $4.6 million for the three and six months ended April 30, 2001, respectively, increased $1.6 million and $3.2 million, respectively, as a result of higher interest costs, principally resulting from borrowings in connection with the PSMC acquisition. In addition, other income for the three and six months ended April 30, 2000 included $3.6 million and $5.3 million, respectively, of investment income from the sales of securities.

Minority interest for the three and six months ended April 30, 2001 was $1.5 million and $2.6 million, respectively, and reflects the minority interest in earnings of the Company's subsidiary in Taiwan.

Net loss for the three and six months ended April 30, 2001, increased to $16.2 million and $7.8 million, respectively, or $0.54 and $0.26 per basic and diluted share. These amounts compare to $5.3 million, or $0.19 per basic and diluted share, and $1.8 million, or $0.06 per basic and diluted share, for the corresponding prior year periods. Fiscal year 2001 includes the effect of the consolidation and related charges amounting to $26.1 million after tax, or $0.75 per diluted share. Fiscal year 2000 includes the effect of the restructuring and related charges amounting to $14.8 million after tax, or $0.34 per diluted share.

LIQUIDITY AND CAPITAL RESOURCES

The Company's working capital at April 30, 2001 was $79.4 million compared to $87.0 million at October 31, 2000. The decrease in working capital is due primarily to lower cash balances resulting from repayments of borrowings under the Company's unsecured revolving credit line, together with higher accounts payable balances. Cash and cash equivalents at April 30, 2001 were $25.2 million compared to $38.2 million at October 31, 2000. Cash provided by operating activities for the six months ended April 30, 2001 amounted to $60.0 million compared to $8.5 million in the corresponding prior year period. This increase is primarily attributable to higher income in 2001 before depreciation, amortization and restructuring charges and the net change in working capital principally due to the timing of progress payments for capital equipment coming due during the respective periods.

Cash used in investing activities of $40.9 million consisted principally of capital equipment purchases and additional investments in Asian photomask companies.

Cash used in financing activities of $30.4 million included net repayments of borrowings of $34.0 million, partially offset by $3.6 million of proceeds from the exercise of employee stock options.

On June 12, 2001, the Company's $125 million unsecured revolving credit facility was amended in order to modify certain financial covenants and definitions in connection with the consolidation plan. The Company is subject to compliance with and maintenance of certain financial covenants and ratios set forth in the credit facility, as amended. The Company had $36.8 million of outstanding borrowings and $88.2 million available under the revolving credit facility at April 30, 2001.

Photronics' commitments represent investments in additional manufacturing capacity as well as advanced equipment for the production of high-end, more complex photomasks. At April 30, 2001, Photronics had commitments outstanding for capital expenditures of approximately $90 million. Additional commitments for capital requirements are expected to be incurred during fiscal 2001. Photronics will continue to use its working capital and bank lines of credit to finance its capital expenditures. Photronics believes that its currently available resources, together with its capacity for substantial growth and its access to other debt and equity financing sources, are sufficient to satisfy its currently planned capital expenditures, as well as its anticipated working capital requirements for the foreseeable future.

EFFECT OF NEW ACCOUNTING STANDARDS

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." The new standard requires companies to record derivatives on the balance sheet as assets or liabilities, measured at fair value. Gains or losses resulting from changes in the values of those derivatives are reported in the statement of operations or as other comprehensive income (loss) as a separate component of shareholders' equity, depending on the use of the derivatives and whether they qualify for hedge accounting. In order to qualify for hedge accounting, the derivative must be highly effective in achieving offsetting changes in fair value or cash flows of the hedged items during the term of the hedge. The Company adopted SFAS No. 133, as amended by SFAS No. 138, in the first quarter of fiscal year 2001. The adoption did not have a material impact on the Company's financial statements.

In December 1999, the Securities and Exchange Commission (the "SEC") issued Staff Accounting Bulletin ("SAB") No. 101, "Revenue Recognition in Financial Statements." SAB No. 101, as amended, is required to be adopted by the Company no later than the fourth fiscal quarter of fiscal 2001. The Company's adoption of SAB No. 101 is not expected to have a material impact on the Company's consolidated financial position or results of operations.

FORWARD LOOKING INFORMATION

Certain statements in this report are considered "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All forward looking statements involve risks and uncertainties. For a description of the factors that could cause the actual results of the Company to be materially different from those projected, please review the Company's SEC reports that detail these risks and uncertainties and the section captioned "Forward Looking Information" contained in the Company's Annual Report on Form 10-K for the year ended October 31, 2000. Any forward looking statements should be considered in light of these factors.

PART II. OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY-HOLDERS

(a) The matters set forth in this Item 4 were submitted to a vote of security holders of the Company at an Annual Meeting of Shareholders held on March 21, 2001.

(b) The following directors, constituting the entire Board of Directors, were elected at the Annual Meeting of Shareholders held on March 21, 2001. Also indicated are the affirmative, negative and authority withheld votes for each director.

	FOR	AGAINST	AUTHORITY WITHHELD
Walter M. Fiederowicz	25,438,433	-	304,032
Joseph A. Fiorita, Jr.	25,438,093	-	304,372
James L. Mac Donald	25,470,498	-	271,967
Constantine S. Macricostas	25,431,010	-	311,455
Willem D. Maris	25,470,987	-	271,478
Michael J. Yomazzo	25,399,201	-	343,264

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

See Exhibits Index.

(b) Reports on Form 8-K

During the quarter for which this report is filed, the Company filed a Form 8-K dated May 3, 2001 reporting information under Item 5.

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/ ROBERT J. BOLLO

Robert J. Bollo
Senior Vice President
Chief Financial Officer
(Duly Authorized Officer and
Principal Financial Officer)

DATE: JUNE 12, 2001

EXHBITS INDEX

EXHIBIT NO.	DESCRIPTION
10.1	Third Amendment Agreement dated as of June 12, 2001 among Photronics, Inc., the lenders party thereto, the Chase Manhattan Bank, as Administrative Agent, and The Bank of New York, as Documentation Agent.

Exhibit 10.1

THIRD AMENDMENT AGREEMENT

Dated as of June 12, 2001

among

PHOTRONICS, INC.

The Lenders Party Hereto

THE CHASE MANHATTAN BANK,
as Administrative Agent

and

THE BANK OF NEW YORK,
as Documentation Agent

THIRD AMENDMENT AGREEMENT, dated as of June 12, 2001, among PHOTRONICS, INC., a Connecticut corporation (the "Company"), the LENDERS party hereto, THE CHASE MANHATTAN BANK, as Administrative Agent, and THE BANK OF NEW YORK, as Documentation Agent.

WHEREAS, the Company, the Borrowing Subsidiaries, the Lenders, the Administrative Agent and the Documentation Agent have entered into that certain Credit Agreement dated as of November 19, 1998 (as amended as of September 13, 1999, as further amended as of April 28, 2000 and as in effect prior to the effectiveness of this Agreement, the "Existing Credit Agreement," and, as amended by this Agreement, the "Amended Credit Agreement"), pursuant to which the Lenders have agreed, subject to the terms and conditions therein set forth, to make or participate in Loans to, and to issue or participate in Letters of Credit for the account of, the Borrowers;

WHEREAS, the Company has announced a realignment of its global photomask manufacturing network by consolidating facilities in California, Florida and Germany resulting in an approximate charge of $38,100,000 (the "Align-Rite Realignment");

WHEREAS, the Company has purchased approximately 24% of the common stock of PKL Co., Ltd., a Korean corporation ("PKL"), from certain shareholders of PKL for the approximate purchase price of $23,000,000 in cash and intends to purchase at least another 26% of the common stock of PKL from certain shareholders of PKL (collectively, the "PKL Acquisition");

WHEREAS, the Company, the Lenders, the Administrative Agent and the Documentation Agent have agreed to enter into this Agreement to provide for, among other things, the modification of certain covenants and definitions and the consent to the PKL Acquisition; and

WHEREAS, the Loan Documents (including, without limitation, this Agreement and the Amended Credit Agreement), as amended and supplemented by this Agreement and as each may be amended or supplemented from time to time, are referred to herein as the "Amended Loan Documents";

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

AMENDMENTS TO EXISTING CREDIT AGREEMENT.

Each of the Company and, subject to the satisfaction of the conditions set forth in Article III, the Lenders hereby consents and agrees to the amendments to the Existing Credit Agreement set forth below:

(a) The first paragraph of the definition of "Applicable Rate" contained in Section 1.01 of the Existing Credit Agreement is hereby amended and restated to read as follows:

"APPLICABLE RATE" means, for any day, with respect to any Eurocurrency Revolving Loan or Swingline Loan, or with respect to the facility fees payable hereunder, as the case may be, the applicable rate per annum set forth below under the caption "Eurocurrency Spread", "Swingline Spread" or "Facility Fee Rate", as the case may be, based upon the Leverage Ratio applicable on such date:

	LEVERAGE RATIO	EUROCURRENCY SPREAD	SWINGLINE SPREAD	FACILITY FEE RATE
CATEGORY 1	Greater than or equal to 2.50 to 1	1.500%	1.750%	.375%
CATEGORY 2	Greater than or equal to 2.00 to 1 but less than 2.50 to 1	1.250%	1.500%	.350%
CATEGORY 3	Greater than or equal to 1.50 to 1 but less than 2.00 to 1	1.000%	1.250%	.300%
CATEGORY 4	Greater than or equal to 1.00 to 1 but less than 1.50 to 1	.750%	1.000%	.275%
CATEGORY 5	Less than 1.00 to 1	.625%	.875%	.250%

(b) The definition of "Consolidated EBIT" contained in Section 1.01 of the Existing Credit Agreement is hereby amended and restated to read as follows:

"CONSOLIDATED EBIT" means, for any period, Consolidated Net Income for such period, minus the aggregate amount of extraordinary or nonrecurring gains for such period, plus, without duplication and to the extent deducted from revenues in determining Consolidated Net Income for such period, the sum of (a) the aggregate amount of Consolidated Interest Expense for such period, plus (b) the aggregate amount of income tax expense for such period, plus (c) the aggregate amount of noncash charges taken during the fiscal quarter ended on April 30, 2001 in connection with the closure of the Palm Bay, Florida, Burbank, California, and Heilbronn, Germany operations up to $29,600,000, plus (d) the aggregate amount of extraordinary or nonrecurring noncash charges taken during the period for which Consolidated EBIT is calculated to the extent that the aggregate amount of extraordinary or nonrecurring noncash charges (other than charges set forth in clause (c)) from August 2, 1998 to the end of such period does not exceed 5% of Consolidated Net Worth as determined as of the end of such period, all as determined on a consolidated basis with respect to the Company and its consolidated Subsidiaries in accordance with GAAP.

(c) The definition of "Consolidated Subordinated Indebtedness" contained in Section 1.01 of the Existing Credit Agreement is hereby amended to insert "acceptable to the Required Lenders" in place of "acceptable to the Lenders".

(d) The definition of "Joint Venture" contained in Section 1.01 of the Existing Credit Agreement is hereby amended to exclude PKL and its subsidiaries from the operation thereof.

(e) Section 1.01 of the Existing Credit Agreement is hereby amended to add the following definition in appropriate alphabetical order:

"PKL" means PKL Co., Ltd., a Korean corporation.

(f) The definition of "Subsidiary" contained in Section 1.01 of the Existing Credit Agreement is hereby amended to exclude PKL and its subsidiaries from the operation thereof.

(g) Section 5.01(a) and Section 5.01(b) of the Existing Credit Agreement are hereby amended to insert "PSMC, PKL and their respective subsidiaries" in place of "PSMC and its subsidiaries" throughout such Sections.

(h) Section 6.01 of the Existing Credit Agreement is hereby amended (i) to delete "and" at the end of paragraph (d); (ii) to insert ";" in place of "." at the end of paragraph (e); and (iii) to add the following paragraphs (f) and (g) at the end of such Section:

(f) Consolidated Subordinated Indebtedness so long as, after giving effect to the incurrence thereof, no Default shall have occurred and be continuing and the Company shall be in compliance, on a pro forma basis after giving effect to such incurrence, with the covenants contained in Sections 6.13, 6.14, 6.15 and 6.16 recomputed as if such incurrence had occurred on the first day of the period for testing such compliance; and

(g) (i) Indebtedness of the Company or any Subsidiary under any Hedging Agreement otherwise permitted under Section 6.05, (ii) the Guarantee of any Loan Party of any such Indebtedness and (iii) the Guarantee of any Loan Party of the obligations of PSMC, PKL or any of their respective subsidiaries under any Hedging Agreement entered into in the ordinary course of business.

(i) Section 6.04(h) of the Existing Credit Agreement is amended to insert "and approximately 51% of PKL" immediately subsequent to "approximately 51% of PSMC".

(j) Section 6.13 of the Existing Credit Agreement is hereby amended and restated to read as follows:

SECTION 6.13. INTEREST COVERAGE RATIO. The Company will not permit the Interest Coverage Ratio as determined as of the end of each fiscal quarter of the Company to be less than (a) if such fiscal quarter ends on April 30, 2001 and July 31, 2001, 3.50 to 1.00, (b) if such fiscal quarter ends on October 31, 2001, 3.75 to 1.00 or (c) if such fiscal quarter ends thereafter, 4.00 to 1.00.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

The Company hereby represents and warrants that as of the Effective Date (as defined in Article III of this Agreement):

Section 2.01. EXISTING REPRESENTATIONS AND WARRANTIES. Each of the representations and warranties contained in Article III of the Existing Credit Agreement and in each of the other Loan Documents is true and correct, except that any representation or warranty limited by its terms to a specific date shall be true and correct as of such specific date.

Section 2.02. NO DEFAULTS. After giving effect to the consents granted under Article IV of this Agreement and the amendments to the Existing Credit Agreement pursuant to Article I of this Agreement, no event has occurred and no condition exists which would constitute a Default as defined in the Existing Credit Agreement, and no event has occurred and no condition exists which would constitute a Default as defined in the Amended Credit Agreement.

Section 2.03. POWER AND AUTHORITY; NO CONFLICTS. The execution, delivery and performance by each of the Loan Parties of the Amended Loan Documents to which it is a party are within such Loan Party's corporate, partnership or limited liability company powers and have been duly authorized by all necessary corporate, partnership or limited liability company and, if required, stockholder, partner or member action. Each Amended Loan Document to which any Loan Party is a party has been duly executed and delivered by such Loan Party and constitutes a legal, valid and binding obligation of such Loan Party, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

Section 2.04. GOVERNMENTAL APPROVALS; NO CONFLICTS. The execution, delivery and performance by each of the Loan Parties of the Amended Loan Documents to which it is a party (a) do not require the Company or any Subsidiary to obtain or make any consent or approval of, registration or filing with, or other action by, any Governmental Authority, except such as have been obtained or made and are in full force and effect or that could not reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect, (b) will not violate any law or regulation applicable to the Company or any Subsidiary, or the charter, by-laws or other organizational documents of the Company or any Subsidiary, or any order of any Governmental Authority applicable to the Company or any Subsidiary, except as to any law, regulation or order the violation of which could not reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect, (c) will not violate or result in a default under any indenture, agreement or other instrument binding upon the Company or any Subsidiary or their respective assets, or give rise to a right thereunder to require any payment to be made by the Company or any of its Subsidiaries, except for any such violations, defaults or rights to require payment that could not reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect, and (d) will not result in the creation or imposition of any Lien on any asset of the Company or any of its Subsidiaries.

Section 2.05. FINANCIAL CONDITION; NO MATERIAL ADVERSE CHANGE. (a) The Company has heretofore furnished to the Lenders the consolidated and consolidating balance sheets of the Company and its consolidated Subsidiaries and the related statements of income, stockholders equity and cash flows (i) as of and for the fiscal years ended November 1, 1998, October 31, 1999 and October 31, 2000, such consolidated financial statements being reported on by Deloitte & Touche LLP, independent public accountants, and (ii) as of and for the fiscal quarter and the portion of the fiscal year ended January 31, 2001. Such financial statements present fairly, in all material respects, the financial condition and results of operations and cash flows of the Company and its consolidated Subsidiaries as of such dates and for such periods in accordance with GAAP, subject to year-end audit adjustments and the absence of footnotes in the case of the statements referred to in clause (ii) above.

(b) The Company has heretofore furnished to the Lenders the consolidated condensed balance sheets of PKL and its consolidated subsidiaries and the related condensed statements of income as of and for the fiscal year ended December 31, 2000. To the best of the Company's knowledge (after due inquiry), such financial statements present fairly, in all material respects, the financial condition and results of operations of PKL and its consolidated subsidiaries as of such dates and for such periods in accordance with generally accepted accounting principles in the Republic of Korea.

(c) The projections and pro forma financial information provided by the Company giving effect to the Align-Rite Realignment are based on good faith estimates and assumptions by the management of the Company, it being recognized by the Lenders, however, that projections as to future events are not to be viewed as fact and that actual results during the period or periods covered by any such projections may differ from the projected results and that the differences may be material. After considering the pro forma condition of the Company and its consolidated subsidiaries subsequent to the Align-Rite Realignment, the Company believes in good faith that the Company and its consolidated subsidiaries will continue to be in compliance with the financial covenants contained in Article VI of the Existing Credit Agreement.

(d) Since January 31, 2001, there has been no material adverse change in the business, assets, operations, prospects or condition, financial or otherwise, of the Company and the Subsidiaries, taken as a whole. With respect to the financial period commencing on January 1, 2001 and ending on the Effective Date, to the best of the Company's knowledge (after due inquiry), there has been no material adverse change in the business, assets, operations, prospects or condition, financial or otherwise, of PKL and its consolidated subsidiaries, taken as a whole.

ARTICLE III

CONDITIONS PRECEDENT

The effectiveness of this Agreement is subject to the condition precedent that the Administrative Agent, the Documentation Agent and the Lenders shall have received on or before June 12, 2001 (the "Effective Date") each of the following, in form and substance satisfactory to the Administrative Agent, the Documentation Agent and the Lenders:

(a) counterparts of this Agreement executed by each of the Company, the Required Lenders, the Administrative Agent and the Documentation Agent;

(b) certified complete and correct copies of each of the financial statements referred to in Section 2.05;

(c) evidence that all actions necessary or appropriate (or, in any event, as may be requested by the Administrative Agent or the Documentation Agent) to create, perfect or protect the Liens created by the Security Documents have been taken; and

(d) an amendment fee for the account of each Lender equal to .05% of such Lender's Commitment together with all fees and disbursements required to be paid pursuant to Section 5.04.

ARTICLE IV

CONSENTS

Section 4.01. PKL ACQUISITION. Notwithstanding Section 6.04 of the Existing Credit Agreement, each of the Lenders hereby consents to the PKL Acquisition so long as (a) the aggregate purchase price paid for the shares of capital stock of PKL acquired after January 1, 2001 does not exceed $60,000,000, (b) the completion of the PKL Acquisition occurs no later than April 30, 2002, (c) no Default shall have occurred and be continuing and (d) not later than 90 days after the date hereof, the Company shall cause all of the capital stock of PKL owned or thereafter acquired by the Company, directly or indirectly, to be pledged and delivered to the Administrative Agent and shall deliver such resolutions, opinions and other documents as required under Section 5.09(b) of the Amended Credit Agreement. For purposes of Section 6.04(h)(ii) of the Amended Credit Agreement, the PKL Acquisition shall be treated as a "Permitted Business Acquisition."

Section 4.02. RELEASE OF PSMC PLEDGED STOCK. So long as no Default shall have occurred and be continuing and to the extent and for only so long as required under Taiwanese law or by the applicable Taiwanese securities exchange, each of the Lenders hereby consents, upon (or, if so required in connection therewith, prior to) the public offering of common stock of PSMC, to the release of the Lien of the Administrative Agent for the benefit of the Lenders on up to 100% of the shares of common stock of PSMC pledged to the Administrative Agent for the benefit of the Lenders; provided that the Lien of the Administrative Agent for the benefit of the Lenders shall be reinstated on any released shares to the extent such shares become no longer subject to such restrictions. To the extent that the terms of the Pledge Agreement relating to the pledge of the PSMC shares conflict with the terms of this Section 4.02, the terms of this Section 4.02 shall govern.

ARTICLE V

MISCELLANEOUS

Section 5.01. DEFINED TERMS. The terms used herein and not defined herein shall have the meanings assigned to such terms in the Existing Credit Agreement.

Section 5.02. NONWAIVER. The terms of this Agreement shall not operate as a waiver by the Administrative Agent, the Issuing Bank or any Lender or otherwise prejudice the rights, remedies or powers of the Administrative Agent, the Issuing Bank or any Lender under the Amended Credit Agreement, under any other Amended Loan Document or under applicable law. Except as set forth in Article I: (x) no terms and provisions of the Loan Documents are modified or changed by this Agreement; and (y) the terms and provisions of the Loan Documents shall continue in full force and effect.

Section 5.03. WAIVERS; AMENDMENTS. Any provision of this Agreement may be amended or modified only by an agreement or agreements in writing signed by the Company and the Required Lenders, or by the Company and the Administrative Agent acting with the consent of the Required Lenders; provided that the consent of each Lender shall be required with respect to any matters as to which such Lender's consent is required under Section 10.02(b) of the Amended Credit Agreement.

Section 5.04. EXPENSES. The Company shall pay all reasonable out-of-pocket expenses incurred by the Administrative Agent and its Affiliates, including the reasonable fees, charges and disbursements of counsel for the Administrative Agent, in connection with the preparation and administration of this Agreement, the other Amended Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated).

Section 5.05. NOTICES. All notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy in accordance with the terms of the Amended Credit Agreement.

Section 5.06. HEADINGS. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

Section 5.07. SEVERABILITY. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

Section 5.08. COUNTERPARTS; INTEGRATION; EFFECTIVENESS. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. The Amended Loan Documents and the separate letter agreements with respect to fees payable to the Administrative Agent and the Documentation Agent constitute the entire contract among the parties relating to the subject matter thereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Subject to the satisfaction of the conditions set forth in Article III of this Agreement, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

Section 5.09. GOVERNING LAW. This Agreement shall be construed in accordance with and governed by the law of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

PHOTRONICS, INC., a Connecticut corporation

By ___________________________________
Name:
Title:

THE CHASE MANHATTAN BANK, individually
and as Administrative Agent,

By __________________________________
Name:
Title:

THE BANK OF NEW YORK, individually
and as Documentation Agent

By __________________________________
Name:
Title:

FIRST UNION NATIONAL BANK

By __________________________________
Name:
Title:

FLEET NATIONAL BANK

By __________________________________
Name:
Title:

[SIGNATURE PAGE TO THIRD AMENDMENT AGREEMENT[

HSBC BANK USA

By ________________________________
Name:
Title:

PEOPLE'S BANK

By ________________________________
Name:
Title:

CITIZENS BANK OF MASSACHUSETTS

By ________________________________
Name:
Title:

[SIGNATURE PAGE TO THIRD AMENDMENT AGREEMENT[