

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

FORM 8-K

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



Date of report (Date of earliest event reported) August 17, 2010

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

Connecticut

(State or other jurisdiction
of incorporation)

0-15451

(Commission
File Number)

06-0854886

(IRS Employer
Identification Number)

15 Secor Road, Brookfield, CT

(Address of Principal Executive Offices)

06804

(Zip Code)

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

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition

On August 17, 2010, the Company issued a press release reporting third quarter fiscal 2010 results. A copy of the press release is attached to this 8-K.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

- 99.1 Press Release dated August 17, 2010
 - 99.2 Condensed Consolidated Statements of Operations
 - 99.3 Condensed Consolidated Balance Sheets
 - 99.4 Condensed Consolidated Statements of Cash Flows
 - 99.5 Reconciliation of GAAP to Non-GAAP Financial Information
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SIGNATURES

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

PHOTRONICS, INC.

(Registrant)

DATE: August 17, 2010

BY /s/ *Richelle E. Burr*

Richelle E. Burr

Vice President, General Counsel

PHOTRONICS, INC.



FOR FURTHER INFORMATION:

Sean T. Smith
Senior Vice President
Chief Financial Officer
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Press Release

PHOTRONICS REPORTS THIRD QUARTER FINANCIAL RESULTS

- Company exceeds high-end of both sales and earnings guidance
- High-end FPD and IC photomask sales increased sequentially 50% and 13%, respectively
- Net cash increased \$33 million sequentially
- \$65 million revolving debt availability at quarter end

BROOKFIELD, Connecticut August 17, 2010 - -- Photronics, Inc. (NASDAQ:PLAB), a worldwide leader in supplying innovative imaging technology solutions for the global electronics industry, today reported fiscal 2010 third quarter results for the period ended August 1, 2010.

Sales for the third quarter were \$112.3 million, an increase of 18% compared with \$95.4 million for the third quarter of fiscal year 2009. Sales of semiconductor photomasks were \$86.0 million, or 77% of revenues, during the third quarter of fiscal 2010, and sales of flat panel display (FPD) photomasks were \$26.3 million, or 23% of revenues. GAAP net income attributable to Photronics, Inc. for the third quarter of fiscal year 2010 was \$7.7 million, or \$0.13 earnings per diluted share, compared to a net loss attributable to Photronics, Inc. of \$22.8 million, or \$0.55 loss per share, for the third quarter of fiscal 2009.

Non-GAAP net income attributable to Photronics, Inc. for the third quarter of 2010 was \$7.3 million, or \$0.13 earnings per diluted share, compared with non-GAAP net loss attributable to Photronics, Inc. of \$5.3 million, or \$0.13 loss per share, for the third quarter of 2009. The section below entitled “*Non-GAAP Financial Measures*” provides a definition and information about the use of non-GAAP financial measures in this press release, and the attached financial supplement reconciles non-GAAP financial information with Photronics, Inc.’s financial results under GAAP.

Sales for the first nine months of 2010 were \$315.5 million, an increase of 18% compared to \$266.7 million for the first nine months of fiscal 2009. Sales of semiconductor photomasks were \$244.5 million, or 77% of revenues for the first nine months of 2010, and sales of FPD photomasks were \$71.0 million, or 23% of revenues. GAAP net income attributable to Photronics, Inc. for the first nine months of fiscal 2010 was \$15.8 million, or \$0.29 earnings per diluted share, compared with the prior year’s first nine months net loss of \$43.2 million, or \$1.03 loss per share. Non-GAAP net income attributable to Photronics, Inc. for the first nine months of fiscal 2010 was \$12.7 million, or \$0.23 earnings per diluted share, compared with non-GAAP net loss attributable to Photronics, Inc. for the first nine months of fiscal 2009 of \$23.0 million, or \$0.55 loss per share.

Constantine (“Deno”) Macricostas, Photronics’ chairman and chief executive officer, commented, “We exceeded our guidance range for both sales and non-GAAP net income for the third quarter of fiscal 2010. Third quarter sales improved 7% from the sequential second quarter of fiscal 2010 as a result of increased demand for high-end integrated circuit and flat panel photomasks. The strength in demand at the high-end for both FPD and IC photomasks continues to validate our strategy to deploy capital in these high growth markets. Improved volume leverage coupled with our disciplined cost management resulted in a significant increase in non-GAAP net income from \$4.7 million for the second quarter of 2010 to \$7.3 million for the third quarter of 2010. In addition, our continued focus on cash management has enabled us to have a net cash position of \$16 million at the end of the quarter compared with a net debt position of \$17 million at the beginning of the third quarter.”

“Looking forward, we plan to increase market share in the U.S. and Asia and maintain our top- and bottom-line growth momentum. We will continue to invest in advanced capabilities while leveraging our leading-edge technology, exceptional customer service and manufacturing cost efficiency to capitalize on the significant opportunities with preeminent global memory and logic customers,” concluded Macricostas.

Non-GAAP Financial Measures

Non-GAAP net income (loss) attributable to Photronics, Inc. and non-GAAP earnings (loss) per share are “non-GAAP financial measures,” as such term is defined by the Securities and Exchange Commission, and may differ from non-GAAP financial measures used by other companies. Photronics, Inc. believes that non-GAAP net income (loss) attributable to Photronics, Inc. and non-GAAP earnings (loss) per share that exclude certain non-cash or non-recurring income or expense items are useful for analysts and investors to evaluate Photronics, Inc.’s future on-going performance because they enable a more meaningful comparison of Photronics, Inc.’s projected earnings and performance with its historical results from prior periods. These non-GAAP metrics, in particular non-GAAP net income (loss) attributable to Photronics, Inc. and non-GAAP earnings (loss) per share, are not intended to represent funds available for Photronics, Inc.’s discretionary use and are not intended to represent or be used as a substitute for operating income (loss), net income (loss) or cash flows from operations data as measured under GAAP. The items excluded from these non-GAAP metrics, but included in the calculation of their closest GAAP equivalent, are significant components of the consolidated statements of operations and must be considered in performing a comprehensive assessment of overall financial performance. Non-GAAP financial information is adjusted for the following items:

- Consolidation and restructuring charges (credit) and impairment of long-lived assets are excluded because they are not a part of ongoing operations.
- Deferred financing fees write-off is excluded because it is not a part of ongoing operations and was not anticipated when establishing forecast guidance for Q2-10.
- Impact of financing expenses related to warrants are excluded because they do not affect cash earnings.

The presentation of this financial information should not be considered in isolation or as a substitute for the financial information prepared and presented in accordance with accounting principles generally accepted in the United States. The attached financial supplement reconciles non-GAAP financial information with Photronics, Inc.'s financial results under GAAP.

A conference call with investors and the media to discuss these results is scheduled for 8:30 a.m. Eastern time on Wednesday, August 18, 2010. The live dial-in number is (408) 774-4601. The call can also be accessed by logging onto Photronics' web site at www.photronics.com.

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

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements made by or on behalf of Photronics, Inc. and its subsidiaries (the Company). The forward-looking statements contained in this press release and other parts of Photronics' web site involve risks and uncertainties that may affect the Company's operations, markets, products, services, prices, and other factors as discussed in filings with the United States Securities and Exchange Commission. These risks and uncertainties include, but are not limited to, economic, competitive, legal, governmental, and technological factors. Accordingly, there is no assurance that the Company's expectations will be realized. The Company assumes no obligation to provide revisions to any forward-looking statements.

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

	Three Months Ended		Nine Months Ended	
	August 1, 2010	August 2, 2009	August 1, 2010	August 2, 2009
Net sales	\$ 112,251	\$ 95,401	\$ 315,518	\$ 266,676
Costs and expenses:				
Cost of sales	(85,979)	(77,347)	(248,979)	(226,622)
Selling, general and administrative	(11,068)	(9,963)	(32,086)	(30,995)
Research and development	(3,427)	(3,854)	(10,983)	(11,655)
Consolidation, restructuring and related (charges) credits	(26)	(10,660)	4,810	(12,746)
Impairment of long-lived assets	-	-	-	(1,458)
Operating income (loss)	11,751	(6,423)	28,280	(16,800)
Other income (expense), net	(1,234)	(14,220)	(5,870)	(22,845)
Income (loss) before income taxes	10,517	(20,643)	22,410	(39,645)
Income tax provision	(2,910)	(1,805)	(5,790)	(2,927)
Net income (loss)	7,607	(22,448)	16,620	(42,572)
Net (income) loss attributable to noncontrolling interests	84	(399)	(842)	(580)
Net income (loss) attributable to Photonics, Inc.	<u>\$ 7,691</u>	<u>\$ (22,847)</u>	<u>\$ 15,778</u>	<u>\$ (43,152)</u>
Earnings (loss) per share:				
Basic	\$ 0.14	\$ (0.55)	\$ 0.30	\$ (1.03)
Diluted	\$ 0.13	\$ (0.55)	\$ 0.29	\$ (1.03)
Weighted average number of common shares outstanding:				
Basic	53,516	41,819	53,341	41,772
Diluted	<u>66,280</u>	<u>41,819</u>	<u>65,689</u>	<u>41,772</u>

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

(in thousands)

(Unaudited)

	August 1, 2010	November 1, 2009
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 104,027	\$ 88,539
Accounts receivable	79,995	66,920
Inventories	14,328	14,826
Other current assets	13,082	9,712
Total current assets	211,432	179,997
Property, plant and equipment, net	354,422	347,889
Investment in joint venture	60,914	60,945
Intangible assets, net	49,261	55,054
Other assets	18,535	19,771
	<u>\$ 694,564</u>	<u>\$ 663,656</u>
<u>Liabilities and Equity</u>		
Current liabilities:		
Current portion of long-term borrowings	\$ 11,577	\$ 10,301
Accounts payable and accrued liabilities	122,681	80,154
Total current liabilities	134,258	90,455
Long-term borrowings	76,439	112,137
Deferred income taxes and other liabilities	10,413	11,368
Equity	473,454	449,696
	<u>\$ 694,564</u>	<u>\$ 663,656</u>

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

	Nine Months Ended	
	August 1, 2010	August 2, 2009
Cash flows from operating activities:		
Net income (loss)	\$ 16,620	\$ (42,572)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	67,786	64,419
Consolidation, restructuring, and related charges (credit) and impairment of long-lived assets	(5,059)	11,975
Changes in assets and liabilities and other	(5,170)	7,785
Net cash provided by operating activities	74,177	41,607
Cash flows from investing activities:		
Purchases of property, plant and equipment	(38,040)	(29,867)
Proceeds from sale of facility	12,880	-
Distribution from joint venture	-	5,000
Proceeds from sales of investments and other	288	996
Net cash used in investing activities	(24,872)	(23,871)
Cash flows from financing activities:		
Repayments of long-term borrowings	(62,288)	(39,342)
Proceeds from long-term borrowings	28,680	27,204
Payments of deferred financing fees	(1,225)	(4,317)
Other	75	(88)
Net cash used in financing activities	(34,758)	(16,543)
Effect of exchange rate changes on cash	941	575
Net increase in cash and cash equivalents	15,488	1,768
Cash and cash equivalents, beginning of period	88,539	83,763
Cash and cash equivalents, end of period	\$ 104,027	\$ 85,531
Supplemental disclosure of cash flow information:		
Change in accrual for purchases of property, plant and equipment	\$ 35,735	\$ (18,712)
Change in capital lease obligation for purchases of property, plant and equipment	\$ -	\$ (28,244)
Common stock warrants issuance and fair value adjustment	\$ -	\$ 10,086

PHOTRONICS, INC. AND SUBSIDIARIES
Reconciliation of GAAP to Non-GAAP Financial Information
(in thousands, except per share data)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	August 1, 2010	August 2, 2009	August 1, 2010	August 2, 2009
Reconciliation of GAAP to Non-GAAP Net Income (Loss)				
Attributable to Photonics, Inc.				
GAAP net income (loss) attributable to Photonics, Inc.	\$ 7,691	\$ (22,847)	\$ 15,778	\$ (43,152)
(a) Consolidation and restructuring charges (credit), and impairment of long-lived assets, net of tax	26	10,660	(4,810)	13,337
(b) Impact of warrants, net of tax	(388)	6,848	692	6,848
(c) Deferred financing fees write off, net of tax	-	-	1,011	-
Non-GAAP net income (loss) attributable to Photonics, Inc.	<u>\$ 7,329</u>	<u>\$ (5,339)</u>	<u>\$ 12,671</u>	<u>\$ (22,967)</u>
Weighted average number of diluted shares outstanding:				
GAAP	66,280	41,819	65,689	41,772
Non-GAAP	<u>65,864</u>	<u>41,819</u>	<u>54,378</u>	<u>41,772</u>
Earnings (loss) per diluted share:				
GAAP	\$ 0.13	\$ (0.55)	\$ 0.29	\$ (1.03)
Non-GAAP	<u>\$ 0.13</u>	<u>\$ (0.13)</u>	<u>\$ 0.23</u>	<u>\$ (0.55)</u>

- (a) Includes charges (credit) related to restructurings in China and United Kingdom and impairment of long-lived assets in the United Kingdom.
- (b) Represents financing expenses related to warrants, which are recorded in other income (expense).
- (c) As a result of an amendment to the revolving credit facility, represents write-off of deferred financing fees recorded in interest expense.
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