

**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) February 14, 2005

PHOTRONICS, INC.

(Exact name of registrant as specified in its charter)

Connecticut
(State or other jurisdiction
of incorporation)

0-15451
(Commission File Number)

06-0854886
(IRS Employer
Identification Number)

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

06804
(Zip Code)

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

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

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

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

Item 1.01.

Entry into a Material Definitive Agreement

On February 14, 2005, a stock option grant of 5,000 non-qualified stock options was made to each of the Photonics, Inc.'s non-employee directors pursuant to the terms and conditions of Photonics, Inc.'s 2000 Stock Plan, as amended on March 13, 2003 (filed as Exhibit 10.18 to Photonics, Inc. Annual Report on Form 10-K for the year ended October 31, 2004); and the form of Non-Qualified Stock Option Agreement pursuant to the Photonics, Inc. 2000 Stock Plan, attached hereto as Exhibit 10.1. The stock options vest quarterly (25%) over a four-year period on the anniversary of the grant and become immediately exercisable upon vesting. The stock options will expire on February 14, 2015.

On February 14, 2005, a restricted stock award of 4,000 shares was made to each of the Photonics, Inc.'s non-employee directors pursuant to the terms and conditions of Photonics, Inc.'s 2000 Stock Plan, as amended on March 13, 2003 (filed as Exhibit 10.18 to Photonics, Inc. Annual Report on Form 10-K for the year ended October 31, 2004); and the Form of Restricted Stock Award Agreement pursuant to the Photonics, Inc. 2000 Stock Plan, attached hereto as Exhibit 10.2. The restricted stock award vests quarterly (25%) over a one-year period.

On February 15, 2005 each of the non-employee directors receiving the grant of non-qualified stock options and restricted stock as described above filed individual Form 4s with the SEC.

Exhibit No.10.1 Form of Photonics, Inc. Non-Qualified Stock Option Agreement pursuant to the Photonics, Inc. 2000 Stock Plan.

10.2 Form of Photonics, Inc. Restricted Stock Award Agreement pursuant to the Photonics, Inc. 2000 Stock Plan.

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 February 15, 2005

BY /s/ Sean T. Smith

Sean T. Smith

Senior Vice President and Chief Financial Officer

EXHIBIT INDEX

<u>EXHIBIT NO.</u>	<u>DESCRIPTION</u>
EXHIBIT NO. 10.1	Form of Photronics, Inc. Non-Qualified Stock Option Agreement pursuant to Photronics, Inc. 2000 Stock Plan.
EXHIBIT NO. 10.2	Form of Photronics, Inc. Restricted Stock Award Agreement pursuant to Photronics, Inc. 2000 Stock Plan.



*** NON-QUALIFIED STOCK OPTION AGREEMENT ***

PHOTRONICS, INC. (the "Company"), a Connecticut corporation, hereby grants *[Name]* (the "Optionee") an option to purchase a total of *[Number]* shares of Common Stock ("Common Stock") of the Company, at the price determined as provided herein, and in all respects subject to the terms, definitions and provisions of the 2000 Stock Option Plan (the "Plan") adopted by the Company which is incorporated herein by reference.

1) **Nature of the Option**

This option is not intended to be an "incentive stock option" within the meaning of section 422A of the Internal Revenue Code of 1986.

2) **Option Price**

The Option Price is *[\$[Number]]* for each share.

3) **Exercise of Option**

This option shall be exercisable by written notice which shall state the election to exercise the option, the number of shares in respect of which the option is being exercised, and such other representations and agreements as to the holder's investment intent with respect to such shares of Common Stock as may be required by the Company pursuant to the provisions of the Plan or this Agreement. Such written notice shall be signed by the Optionee or other person entitled to exercise the option pursuant to the provisions of this Agreement or the Plan and shall be delivered in person or by certified mail to the Secretary of the Company. The written notice shall be accompanied by payment of the purchase price. Payment of the purchase price shall be in cash, currency and/or shares of Common pursuant to the provisions of the Plan. Unless the shares of Common Stock have been registered under the Securities Act of 1933 pursuant to a registration statement filed on Form S-8 or otherwise, the certificate or certificates for shares of Common Stock as to which the option shall be exercised shall be registered in the name of the Optionee and shall contain the following legend:

"THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 AND HAVE BEEN ACQUIRED FOR INVESTMENT PURPOSES ONLY AND NOT WITH A VIEW TO THE DISTRIBUTION THEREOF, AND SUCH SECURITIES MAY NOT BE SOLD OR

TRANSFERRED UNLESS SUCH SALE OR TRANSFER IS REGISTERED UNDER SUCH ACT OR THE COMPANY RECEIVES AN OPINION OF COUNSEL FOR THE HOLDER OF THESE SECURITIES SATISFACTORY TO THE COMPANY STATING THAT SUCH SALE OR TRANSFER IS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE ACT, AND UNLESS SUCH SALE OR TRANSFER IS AUTHORIZED UNDER APPLICABLE STATE LAW.”

4) **Forfeiture of Options and Repayment of Market Value of Options**

If, while an Employee or Director (as defined in the Plan) or at any time within one (1) year after Optionee ceases to be an Employee or Outside Director, Optionee engages in any activity in competition with any activity of the Company, including, but not limited to:

- (a) conduct related to the Optionee’s employment for which either criminal or civil penalties against the Optionee may be sought;
- (b) violation of Company policies, including, without limitation, the Company’s insider trading policy;
- (c) accepting employment with or serving as a consultant, advisor or in any other capacity to an employer that is in competition with or acting against the interests of the Company, including employing or recruiting any present, former or future employee of the Company;
- (d) disclosing or mis-using any confidential information or material concerning the Company; or
- (e) participating in a hostile takeover attempt, then:
 - i) options under this Agreement and any other stock options and stock awards from the Company (collectively referred to as “Grants”) shall terminate effective the date on which the Optionee enters into such activity, unless terminated sooner by operation of another term or condition of the Plan or the plan under which such Grants were granted;
 - ii) the aggregate difference between the exercise price of options included in the Grants which were exercised within one (1) year prior to the date (the “Termination Date”) Optionee ceased to be an Employee or Outside Consultant or within one (1) year after the Termination Date and the closing market value on the date of exercise of such shares covered by such options shall be paid by the Optionee to the Company; and
 - iii) the aggregate of the closing market value on the date the forfeiture provision expired for all shares subject to restricted stock awards included in the Grants as to which the forfeiture provision expired within one (1) year prior to or after the Termination Date shall be paid by the Optionee to the Company.

By accepting the options subject to this Agreement, the Optionee consents to a deduction from any amounts the Company owes the Optionee from time to time (including amounts owed as wages or other compensation, fringe benefits or vacation pay, as well as any other amounts owed by the Company), to the extent of the amounts the Optionee owes the Company under the foregoing paragraph. Whether or not the Company elects to make any set-off in whole or in part, if the Company does not recover by means of set-off the full amount the Optionee owes it, calculated as set forth above, the Optionee agrees to pay immediately the unpaid balance to the Company. In addition, if Optionee fails to pay the Company the full amount due within thirty (30) days of demand by the Company, Optionee agrees to pay the Company's reasonable costs of collection (including attorney's fees) as well as interest on the unpaid amount at the rate of 1% per month or if less, the maximum rate allowed by law, for each day that such amount remains unpaid. Optionee may be released from his/her obligations under this paragraph above only by the Board of Directors or the Compensation Committee of the Company.

5) **Extent of Exercise**

This option shall be exercisable (subject to the conditions as to employment and other matters contained herein or in the Plan) with respect to twenty-five percent (25%) of the shares purchasable hereunder on and after the first anniversary date of grant and, on a cumulative basis, with respect to an additional twenty-five percent (25%) of such shares on each anniversary of its grant, so that this option shall be exercisable, to the extent not previously exercised, with respect to all of the shares purchasable hereunder, on and after the fourth anniversary of the date of grant.

Notwithstanding the foregoing, if the Company is sold, or merged (pursuant to which merger the Company is not the surviving entity), or substantially all of the assets of the Company are sold or there is a sale by any of the Company's existing stockholders to a third party of 50% or more of the Company's issued and outstanding Common Stock, then all of the Options subject to this Agreement shall be immediately exercisable.

6) **Restrictions on Exercise**

This option may not be exercise if the issuance of such shares upon such exercise would constitute a violation of any applicable Federal or state securities laws or other law or regulation. As a condition to the exercise of this option, the Company may require the Optionee to make any representation or warranty to the Company as may be required by any applicable law or regulation or may otherwise be appropriate.

7) **Non-Transferability of Option**

This option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Optionee, only by the Optionee. The terms of this option shall be binding upon the executors, administrators, heirs, successors and assigns of the Optionee.

8) **Term of Option**

This option may not be exercised more than ten (10) years from the date of grant of this option and may be exercised during such term only in accordance with the Plan, including the terms thereof prohibiting or restricting exercise after a severance of the Optionee's relationship with the Company, and the terms of this option.

9) **Withholding**

The Company reserves the right to make whatever arrangements it deems appropriate for the withholding of any taxes in connection with any transaction contemplated by this Agreement or the Plan.

10) **Merger**

This Agreement supersedes any other agreement, written or oral, between the parties with respect to the subject matter hereof.

Date of Grant: *[Date]*

PHOTRONICS, INC.

By: _____
[Name]

Agreed to and accepted this
_____ day of _____, 20__.

[Name]



**RESTRICTED STOCK AWARD
AGREEMENT**

THIS AWARD OF RESTRICTED STOCK made as of the **[Date]** by Photronics, Inc., a Connecticut corporation (hereinafter referred to as the “Company”), to **[Name]** (hereinafter referred to as the “Recipient”).

WITNESSETH

- 1) The Company, in accordance with the allotment made by the Board of Directors or the Committee (the “Committee”) administering the Company’s 2000 Stock Option Plan (the “Plan”) and subject to the terms and conditions of the Plan, has granted on the date hereof to Recipient a restricted stock award (the “Award”) of **[Number]** shares of the Company’s Common Stock, par value \$0.01 per share, conditioned upon the achievement of all of the terms and conditions set forth on **Exhibit “A”** hereto and subject to all of the specific terms and conditions set forth in this instrument of grant. Recipient acknowledges receipt of a copy of the Plan, all terms and conditions of which are incorporated herein by reference.
- 2) The shares subject to the Award shall be forfeited unless all of the terms and conditions set forth in this instrument of grant (including the terms and conditions set forth on **Exhibit “A”** hereto) have been satisfied and complied with, or, to the extent permitted by the Plan, have been waived by the Committee. Until all risk of forfeiture of the shares subject to the Award shall have lapsed, the certificates representing such shares shall be held by the Company.
- 3) Upon issuance in accordance with the Plan of the shares subject to the Award, Recipient shall, subject to the provisions of this instrument of grant and the Plan, have the rights of a stockholder with respect to such shares, including the right to vote such shares, but all dividends and distributions paid or made with respect to such shares shall be held by the Company subject to the restrictions, terms and conditions of this instrument of grant (including the terms and conditions set forth on **Exhibit “A”** hereto) and the Plan.
- 4) The Company, following achievement of and compliance with all of the terms of this instrument of grant (including the terms and conditions set forth on **Exhibit “A”**, hereto) and the Plan, will cause certificates for the shares subject to the Award to be delivered to Recipient,

registered in the name of Recipient, and, if deemed necessary by counsel to the Company, legended to evidence any commitments given or restrictions imposed pursuant to this instrument or otherwise.

- 5) Nothing in the Plan or this instrument of grant shall confer upon Recipient any right to continue in the employ of the Company or any of its present or future subsidiaries (as defined in Section 425(f) of the Internal Revenue Code of 1954, as amended [the "Code"], and, at times, called the "Subsidiaries"), or interfere in any way with the right of the Company or the Subsidiaries to terminate such employment at any time without liability to the Company or the Subsidiaries.
- 6) Recipient, in accepting the Award, represents and agrees that, in the event of receipt of any shares subject to the Award:
 - (a) The shares of Common Stock acquired will be acquired for investment and not with a view to the sale or distribution thereof; provided, however, that such restrictions shall be deemed removed and inoperative upon the registration under the Securities Act of 1933, as amended, of the shares of Common Stock subject to the Award; and,
 - (b) Whenever, in connection with the issuance, transfer or delivery of shares of Common Stock under the Plan on account of Recipient, there is any Federal, state or local tax withholding requirement, the Company shall have the right to require Recipient or his or her legal representative to remit to the Company at that time an amount sufficient to satisfy any such Federal, state and local withholding tax requirements, and whenever, under the Plan, payments are to be made by the Company in cash, such payments shall be net of an amount sufficient to satisfy any Federal, state and local withholding tax requirements.
- 7) Until the shares subject to the Award are no longer subject to forfeiture, such shares shall not be transferable and may not be pledged or otherwise hypothecated. Subject to Paragraph (8) below, if at any time Recipient is no longer employed by the Company or a Subsidiary for any reason, all shares subject to the Award which then remain subject to forfeiture, and all dividends and distributions with respect to such shares, shall thereupon be forfeited and automatically transferred to and re-acquired by the Company at no cost to the Company. The Award shall not be affected by any change of employment so long as Recipient continues to be an employee of the Company or any Subsidiary or of a corporation or its parent or subsidiary issuing or assuming stock options of the Company in a transaction to which Section 425(a) of the Code applies. If Recipient is employed by a Subsidiary which, for any reason, ceases to be a Subsidiary, Recipient's employment with such Subsidiary shall be deemed to be terminated on the date that such Subsidiary ceases to be a Subsidiary.

- 8) Notwithstanding anything to the contrary contained herein, if Recipient's employment is terminated with the consent of the Company or by reason of death, disability or normal retirement, the Committee may, in its sole discretion, deem that the restrictions, terms and conditions of this instrument of grant have been met for all or part of the shares subject hereto, subject to further terms and conditions, if any, as the Committee may determine.
- 9) If, while an Employee or Director (as defined in the Plan) or at any time within one (1) year after Recipient ceases to be an Employee or Outside Director, Recipient engages in any activity in competition with any activity of the Company, including, but not limited to:
- (a) conduct related to the Recipient's employment for which either criminal or civil penalties against the Recipient may be sought;
 - (b) violation of Company policies, including, without limitation, the Company's insider trading policy;
 - (c) accepting employment with or serving as a consultant, advisor or in any other capacity to an employer that is in competition with or acting against the interests of the Company, including employing or recruiting any present, former or future employee of the Company;
 - (d) disclosing or mis-using any confidential information or material concerning the Company; or
 - (e) participating in a hostile takeover attempt, then:
 - i) the Award and any stock options and other restricted stock awards from the Company (collectively "Grants") shall terminate effective the date on which Recipient enters into such activity, unless terminated sooner by operation of another term or condition of the Plan or the plan under which such Grants were granted;
 - ii) the aggregate of the closing market value on the date the forfeiture provision expired for all shares subject to the restricted stock awards included in the Grants as to which the forfeiture provision expired within one (1) year prior to the date (the "Termination Date") Recipient ceased to be an Employee or Outside Consultant or within one (1) year after the Termination Date shall be paid by the Recipient to the Company; and

- iii) the aggregate difference between the exercise price of options included in the Grants which were exercised within one (1) year prior to or after the Termination Date and the closing market value on the date of exercise of the shares subject to such options shall paid by the Recipient to the Company.

By accepting this Award, Recipient consents to a deduction from any amounts the Company owes the Recipient from time to time (including amounts owed as wages or other compensation, fringe benefits or vacation pay, as well as any other amounts owed by the Company), to the extent of the amounts the Recipient owes the Company under the foregoing paragraph. Whether or not the Company elects to make any set-off in whole or in part, if the Company does not recover by means of set-off the full amount the Recipient owes it, calculated as set forth above, the Recipient agrees to pay immediately the unpaid balance to the Company. Recipient may be released from his/her obligations under this paragraph above only by the Board of Directors or the Compensation Committee of the Company.

- 10) The Award and Recipient shall be subject to and bound by the terms and conditions of the Plan.
- 11) This instrument of grant constitutes the entire obligation of the Company as to the subject matter hereof, superseding any and all prior written and prior or contemporaneous oral agreements or understandings.
- 12) This instrument of grant shall be governed by the laws of the State of Connecticut applicable to contracts executed and to be performed wholly within such State and shall be binding upon and enure to the benefits of any successor or assignee of the Company.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands as of the day and year first above written.

PHOTRONICS, INC.

By: _____
Vice President

Recipient:

[Name]

Date: _____

EXHIBIT "A"

The vesting of the Shares shall be subject to the following conditions:

- ONE-QUARTER** of the shares shall vest three (3) months after the date of this grant so long as Recipient is still a Director of the Company
- ONE-QUARTER** of the shares shall vest six (6) months after the date of this grant so long as Recipient is still a Director of the Company.
- ONE-QUARTER** of the shares shall vest nine (9) months after the date of this grant so long as Recipient is still a Director of the Company.
- ONE-QUARTER** of the shares shall vest twelve (12) months after the date of this grant so long as Recipient is still a Director of the Company.