

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

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**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) May 16, 2011

**PHOTRONICS, INC.**

(Exact name of registrant as specified in its charter)

<u>Connecticut</u>	<u>0-15451</u>	<u>06-0854886</u>
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification Number)

<u>15 Secor Road, Brookfield, CT</u>	<u>06804</u>
(Address of Principal Executive Offices)	(Zip Code)

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

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

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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   Results of Operations and Financial Condition**

**2.02**   On May 16th, 2011, the Company issued a press release reporting second quarter fiscal 2011 results. A copy of the press release is attached to this 8-K.

A copy of the press release is furnished as Exhibit 99.1 to this report. The information contained in this Item 2.02 and the attached Exhibits 99.1, 99.2, 99.3, 99.4 and 99.5 shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 and shall not be incorporated by reference in any filing under the Securities Act of 1933 except as shall be expressly set forth by specific reference in such filing.

**ITEM 9.01   Financial Statements and Exhibits**

(d) Exhibits

- 99.1   Press Release dated May 16, 2011
- 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

**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: May 16, 2011**

**BY /s/ *Richelle E. Burr***

Richelle E. Burr

Vice President, General Counsel

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PHOTRONICS, INC.

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FOR FURTHER INFORMATION:  
Sean T. Smith  
Senior Vice President  
Chief Financial Officer  
(203)775-9000  
ssmith@photronics.com

**Press Release**

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**PHOTRONICS REPORTS RECORD REVENUES  
IN SECOND QUARTER OF FISCAL 2011**

**Second Quarter Highlights:**

- Record sales of \$133.1 million; exceeds guidance of \$117 - \$121 million
- High-end IC photomask sales increase 50% sequentially
- Recapitalized the balance sheet – improved financial flexibility
- Record non-GAAP net income of \$14.8 million
- Non-GAAP EPS \$0.24; exceeds guidance of \$0.15 - \$0.18 per share
- Operating margin improves 260 bps sequentially to 15.9%
- EBITDA climbs to record \$44.6 million

BROOKFIELD, Connecticut May 16, 2011 -- Photronics, Inc. (NASDAQ:PLAB), a worldwide leader in supplying innovative imaging technology solutions for the global electronics industry, today reported results for the second quarter ended May 1, 2011.

Constantine (“Deno”) Macricostas, Photronics’ chairman and chief executive officer, commented: “We exceeded our guidance range and reported record revenue of \$133.1 million, while also achieving quarterly sales records for both IC and FPD photomasks. Demonstrating the success of our high-end strategy, advanced IC sales grew 50% sequentially to \$28.3 million. While revenues grew in each geographic area, the growth was most pronounced in the U.S. and Europe, with US revenues at their highest level since the third quarter of fiscal 2002.”

“We also performed exceptionally well on the bottom-line, achieving quarterly records for both non-GAAP net income and EBITDA,” said Macricostas. “We increased operating margin by 260 basis points sequentially to 15.9% and recorded non-GAAP EPS of \$0.24 per diluted share, well in excess of our guided range. During the quarter we recapitalized our balance sheet, which increased our financial flexibility, better enabling us to execute on additional strategic initiatives. Looking forward, we are encouraged by our prospects for continued growth in 2011 and plan to make continued investments to gain further high-end market share.”

Sales for the second quarter were \$133.1 million, as compared to the guided range of \$117 million to \$121 million. This is a 27% increase from \$105.1 million in revenue reported for the second quarter of fiscal year 2010. Sales of semiconductor photomasks were \$101.0 million, or 76% of revenues, during the second quarter of fiscal 2011, and sales of flat panel display (FPD) photomasks were \$32.1 million, or 24% of revenues. GAAP net loss attributable to Photronics, Inc. for the second quarter of fiscal year 2011 was \$16.4 million, or \$0.30 per share, which includes extinguishment debt losses of \$30.3 million, compared to net income attributable to Photronics, Inc. of \$7.9 million, or \$0.14 per diluted share, for the second quarter of fiscal 2010.

Non-GAAP net income attributable to Photronics, Inc. for the second quarter of 2011, excluding the extinguishment debt losses of \$30.3 million, was \$14.8 million, or \$0.24 earnings per diluted share, as compared to the previously guided range of \$0.15 to \$0.18. This is an increase of 215% from non-GAAP net income attributable to Photronics, Inc. of \$4.7 million, or \$0.09 earnings per diluted share, for the second quarter of 2010. Second-quarter 2010 non-GAAP net income excludes a \$5.0 million gain related to consolidation and restructuring credits. 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 six months of 2011 rose 25% to \$253.9 million from \$203.3 million for the first six months of fiscal 2010. Sales of semiconductor photomasks were \$189.8 million, or 75% of revenues for the first six months of 2011, and sales of FPD photomasks were \$64.1 million, or 25% of revenues. GAAP net loss attributable to Photronics, Inc. for the first six months of fiscal 2011 was \$4.3 million, or \$0.08 per share, compared with the prior year’s first six months net income of \$8.1 million, or \$0.15 per diluted share. Non-GAAP net income attributable to Photronics, Inc. for the first six months of fiscal 2011, which excludes the \$30.3 million extinguishment of debt losses, was \$27.0 million, or \$0.44 per diluted share, compared with non-GAAP net income attributable to Photronics, Inc. for the first six months of fiscal 2010 of \$5.3 million, or \$0.10 per diluted share. Non-GAAP net income for the first six months of 2010 excludes a \$4.8 million gain related to consolidation and restructuring credits.

### **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 of 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:

- Loss on extinguishment of debt is excluded because it is not a part of ongoing operations and was not anticipated when establishing forecast guidance for the second quarter of fiscal 2011.
- Consolidation and restructuring credits in fiscal 2010 are excluded because they are not a part of ongoing operations.
- Impact of financing expenses related to warrants is excluded because it does not affect cash earnings.
- Deferred financing fees written-off are excluded because they are not a part of ongoing operations.

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 Tuesday, May 17, 2011. 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](http://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](http://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. 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. For a fuller discussion of the factors that may affect the Company's operations, see "Forward Looking Statements" in the Company's Quarterly and Annual Reports to the Securities and Exchange Commission on Forms 10-Q and 10-K. 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)

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>May 1, 2011</b>	<b>May 2, 2010</b>	<b>May 1, 2011</b>	<b>May 2, 2010</b>
Net sales	\$ 133,103	\$ 105,070	\$ 253,926	\$ 203,267
<b>Costs and expenses:</b>				
Cost of sales	(96,617)	(82,980)	(186,845)	(163,000)
Selling, general and administrative	(11,448)	(10,870)	(22,162)	(21,018)
Research and development	(3,940)	(3,601)	(7,711)	(7,556)
Consolidation, restructuring and related credits	-	5,029	-	4,836
Operating income	21,098	12,648	37,208	16,529
Debt extinguishment loss	(30,286)	-	(30,286)	-
Other expense, net	(2,585)	(2,183)	(1,629)	(4,636)
(Loss) income before income taxes	(11,773)	10,465	5,293	11,893
Income tax provision	(3,260)	(1,860)	(6,742)	(2,880)
Net (loss) income	(15,033)	8,605	(1,449)	9,013
Net income attributable to noncontrolling interests	(1,405)	(732)	(2,878)	(927)
Net (loss) income attributable to Photonics, Inc.	<u>\$ (16,438)</u>	<u>\$ 7,873</u>	<u>\$ (4,327)</u>	<u>\$ 8,086</u>
<b>Earnings (loss) per share:</b>				
Basic	<u>\$ (0.30)</u>	<u>\$ 0.15</u>	<u>\$ (0.08)</u>	<u>\$ 0.15</u>
Diluted	<u>\$ (0.30)</u>	<u>\$ 0.14</u>	<u>\$ (0.08)</u>	<u>\$ 0.15</u>
<b>Weighted average number of common shares outstanding:</b>				
Basic	<u>55,685</u>	<u>53,405</u>	<u>54,751</u>	<u>53,253</u>
Diluted	<u>55,685</u>	<u>65,780</u>	<u>54,751</u>	<u>54,291</u>

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

(in thousands)

(Unaudited)

	May 1, 2011	October 31, 2010
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 186,112	\$ 98,945
Accounts receivable	98,510	82,951
Inventories	27,904	15,502
Other current assets	7,397	8,404
Total current assets	319,923	205,802
Property, plant and equipment, net	403,413	369,814
Investment in joint venture	72,001	61,127
Intangible assets, net	44,951	47,748
Other assets	22,263	19,388
	<u>\$ 862,551</u>	<u>\$ 703,879</u>
<b>Liabilities and Equity</b>		
Current liabilities:		
Current portion of long-term borrowings	\$ 5,827	\$ 11,467
Accounts payable and accrued liabilities	134,624	107,762
Total current liabilities	140,451	119,229
Long-term borrowings	159,558	78,852
Deferred income taxes and other liabilities	9,927	9,855
Equity	552,615	495,943
	<u>\$ 862,551</u>	<u>\$ 703,879</u>

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

	Six Months Ended	
	May 1, 2011	May 2, 2010
<b>Cash flows from operating activities:</b>		
Net (loss) income	\$ (1,449)	\$ 9,013
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	46,467	45,863
Debt extinguishment loss	23,504	-
Consolidation, restructuring, and related credits	-	(5,059)
Changes in assets and liabilities and other	(4,532)	(16,054)
<b>Net cash provided by operating activities</b>	<b>63,990</b>	<b>33,763</b>
<b>Cash flows from investing activities:</b>		
Purchases of property, plant and equipment	(39,254)	(31,003)
Investment in joint venture	(8,498)	-
Proceeds from sales of investments and other	(250)	255
Proceeds from sale of facility	-	12,880
Increase in restricted cash	-	(1,250)
<b>Net cash used in investing activities</b>	<b>(48,002)</b>	<b>(19,118)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of convertible debt	115,000	-
Proceeds from long-term borrowings	17,000	26,622
Repayments of long-term borrowings	(60,303)	(40,302)
Payments of deferred financing fees	(4,145)	(1,056)
Repurchase of common stock by subsidiary	(3,294)	-
Proceeds from exercise of share-based arrangements	356	71
<b>Net cash provided by (used in) financing activities</b>	<b>64,614</b>	<b>(14,665)</b>
<b>Effect of exchange rate changes on cash</b>	<b>6,565</b>	<b>2,891</b>
<b>Net increase in cash and cash equivalents</b>	<b>87,167</b>	<b>2,871</b>
Cash and cash equivalents, beginning of period	98,945	88,539
<b>Cash and cash equivalents, end of period</b>	<b>\$ 186,112</b>	<b>\$ 91,410</b>
<b>Supplemental disclosure of cash flow information:</b>		
Capital lease obligation for purchase of equipment	\$ 21,248	\$ -
Common stock issued to extinguish debt	\$ 17,390	\$ -
Change in accrual for purchases of property, plant and equipment	\$ 3,079	\$ 19,521
Investment in joint venture	\$ 1,750	\$ -



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

	Three Months Ended		Six Months Ended	
	May 1, 2011	May 2, 2010	May 1, 2011	May 2, 2010
<b>Reconciliation of GAAP to Non-GAAP Net Income (Loss)</b>				
<b>Attributable to Photonics, Inc.</b>				
GAAP net income (loss) attributable to Photonics, Inc.	\$ (16,438)	\$ 7,873	\$ (4,327)	\$ 8,086
(a) Debt extinguishment loss and net interest impact, net of tax	30,513	-	30,513	-
(b) Consolidation and restructuring credits, net of tax	-	(5,029)	-	(4,836)
(c) Impact of warrants, net of tax	745	860	820	1,080
(d) Deferred financing fees write off, net of tax	-	1,011	-	1,011
Non-GAAP net income attributable to Photonics, Inc.	<u>\$ 14,820</u>	<u>\$ 4,715</u>	<u>\$ 27,006</u>	<u>\$ 5,341</u>
<b>Reconciliation of GAAP to Non-GAAP Net Income/Loss</b>				
<b>Applicable to Common Shareholders</b>				
GAAP weighted average number of diluted shares outstanding	<u>55,685</u>	<u>65,780</u>	<u>54,751</u>	<u>54,291</u>
(e) Non-GAAP weighted average number of diluted shares outstanding	<u>67,047</u>	<u>54,469</u>	<u>66,634</u>	<u>54,291</u>
Net income (loss) per diluted share				
GAAP	<u>\$ (0.30)</u>	<u>\$ 0.14</u>	<u>\$ (0.08)</u>	<u>\$ 0.15</u>
Non-GAAP	<u>\$ 0.24</u>	<u>\$ 0.09</u>	<u>\$ 0.44</u>	<u>\$ 0.10</u>

- (a) Represents extinguishment charge related to the repurchase of \$30.4 million of our 5.50% convertible senior notes due in October 2014, and net interest impact on convertible transactions.
- (b) Includes credits related to restructuring in China.
- (c) Represents financing expenses related to warrants, which are recorded in other income (expense).
- (d) As a result of an amendment to our revolving credit facility, represents write-off of deferred financing fees recorded in interest expense.
- (e) Excludes the impact of shares issued on March 29, 2011 (1.7 million shares during the three months ended May 1, 2011 and 0.8 million shares during the six months ended May 1, 2011), primarily related to the issuance of common stock in exchange for \$30.4 million of our 5.5% convertible senior notes due in October 2014.