

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) **December 16, 2008**

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 2.02 Results of Operations and Financial Condition

On December 16, 2008, the Company issued a press release reporting fourth quarter and fiscal year 2008 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 December 16, 2008
- 99.2 Condensed Consolidated Statement of Operations
- 99.3 Condensed Consolidated Balance Sheets
- 99.4 Condensed Consolidated Statements of Cash Flows

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 **December 18, 2008**

BY /s/ Richelle E. Burr



FOR FURTHER INFORMATION:

Sean T. Smith

SVP – CFO

Photronics, Inc.

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Press Release

PHOTRONICS REPORTS FOURTH QUARTER AND FISCAL YEAR 2008 RESULTS

BROOKFIELD, Connecticut, December 16, 2008 -- Photronics, Inc. (Nasdaq:PLAB), a worldwide leader in supplying innovative imaging technology solutions for the global electronics industry, announced today its fiscal 2008 fourth quarter and fiscal year results for the period ended November 2, 2008.

Photronics reported financial results for the fourth quarter of fiscal 2008 in line with the expectations stated in its release of December 4, 2008. Sales for the quarter were \$103.3 million, up 1.7% from \$101.6 million in the fourth quarter of fiscal 2007. Semiconductor photomasks accounted for \$77.5 million, or 75.0% of revenues during the fourth quarter of fiscal 2008, while sales of flat panel display (FPD) photomasks accounted for \$25.8 million, or 25.0%, of revenues. Net income for the fourth quarter of fiscal 2008 amounted to \$0.2 million, or \$0.01 per diluted share, compared to net income in the fourth quarter of fiscal 2007 of \$0.4 million, or \$0.01 per diluted share.

Sales for the 2008 fiscal year were \$422.5 million, up slightly from the \$421.5 million reported in fiscal 2007. Semiconductor photomasks accounted for \$314.9 million, or 74.5% of revenues during fiscal 2008, while sales of FPD photomasks accounted for \$107.6 million, or 25.5%. Year-over-year, semiconductor photomask revenues decreased 7.2%, while FPD photomask revenues increased 31.1%.

Net loss for fiscal 2008 amounted to \$210.8 million, or \$5.06 per share, compared to net income in the prior fiscal year of \$24.5 million, or \$0.56 per diluted share. The net loss for fiscal 2008 includes primarily goodwill and long-lived assets impairment charges of \$199.5 million net of tax, or \$4.79 per diluted share. On a non-GAAP basis, excluding the effect of the above-mentioned charges, the Company's net loss for fiscal 2008 was \$11.2 million, or \$0.27 per share. Net income for fiscal 2007 included a net benefit of \$7.9 million, or \$0.16 per share, relating to the resolution and settlement of U.S. and foreign tax liabilities associated with uncertain tax positions in prior years.

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PHOTRONICS REPORTS FOURTH QUARTER AND FISCAL YEAR 2008 RESULTS.....PAGE TWO

Constantine (“Deno”) S. Macricostas, Photronics’ chairman and interim chief executive officer commented, “Our financial results for the fourth quarter reflect solid execution in the face of a difficult market environment. I was pleased that our strict cost control measures allowed Photronics to be profitable for the fourth quarter. For the full 2008 fiscal year, our FPD business performed well, offsetting softness in the integrated circuit mask market. Now that our credit facility is in place, our goal is to return to profitability on an annual basis and to strengthen our balance sheet. We remain committed to executing our cost reduction and growth strategy.”

A conference call with investors and the media to discuss these results can be accessed by logging onto Photronics’ web site at www.photronics.com, then clicking on the “Conference Calls” button at the top right corner of the home page. The call is scheduled for 8:30 a.m. Eastern time on Wednesday, December 17, 2008, and will be archived for instant replay access until the Company reports its fiscal first quarter results. The dial-in number is (719) 325-4856.

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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 U. S. Securities and Exchange Commission (SEC). 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)

	Three Months Ended		Year Ended	
	November 2, 2008	October 28, 2007	November 2, 2008	October 28, 2007
Net sales	\$ 103,306	\$ 101,571	\$ 422,548	\$ 421,479
Costs and expenses:				
Cost of sales	(85,354)	(81,614)	(349,841)	(321,958)
Selling, general and administrative	(11,547)	(14,585)	(55,167)	(61,507)
Research and development	(4,327)	(4,015)	(17,475)	(17,300)
Impairment of goodwill, long-lived assets and other	(510)	-	(205,918)	-
Gain on sale of facility	-	-	-	2,254
Operating income (loss)	1,568	1,357	(205,853)	22,968
Other income (expense), net	24	(96)	(6,316)	916
Income (loss) before income taxes and minority interest	1,592	1,261	(212,169)	23,884
Income tax (provision) benefit	(1,438)	(784)	2,778	3,178
Income (loss) before minority interest	154	477	(209,391)	27,062
Minority interest	81	(115)	(1,374)	(2,539)
Net income (loss)	<u>\$ 235</u>	<u>\$ 362</u>	<u>\$ (210,765)</u>	<u>\$ 24,523</u>
Earnings (loss) per share:				
Basic	<u>\$ 0.01</u>	<u>\$ 0.01</u>	<u>\$ (5.06)</u>	<u>\$ 0.59</u>
Diluted	<u>\$ 0.01</u>	<u>\$ 0.01</u>	<u>\$ (5.06)</u>	<u>\$ 0.56</u>
Weighted average number of common shares outstanding:				
Basic	<u>41,703</u>	<u>41,611</u>	<u>41,658</u>	<u>41,539</u>
Diluted	<u>41,996</u>	<u>41,624</u>	<u>41,658</u>	<u>51,282</u>

PHOTRONICS, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(in thousands)

	November 2, 2008	October 28, 2007
Assets		
Current assets:		
Cash, cash equivalents and short-term investments of \$1,343 in 2008 and \$5,657 in 2007	\$ 85,106	\$ 151,706
Accounts receivable	68,095	68,248
Inventories	17,548	17,716
Other current assets	11,748	9,315
Total current assets	182,497	246,985
Property, plant and equipment, net	436,528	531,578
Goodwill	-	138,534
Investment in joint venture	65,737	67,900
Other intangibles, net	62,386	68,835
Other assets	10,859	5,948
	\$ 758,007	\$ 1,059,780

Liabilities and Shareholders' Equity

Current liabilities:		
Current portion of long-term borrowings	\$ 18,130	\$ 4,482
Accounts payable and accrued liabilities	95,448	145,897
Total current liabilities	113,578	150,379
Long-term borrowings	205,479	191,253
Deferred income taxes and other liabilities	6,552	14,399
Minority interest	49,616	49,465
Shareholders' equity	382,782	654,284
	\$ 758,007	\$ 1,059,780

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

	Year Ended	
	November 2, 2008	October 28, 2007
Cash flows from operating activities:		
Net income (loss)	\$ (210,765)	\$ 24,523
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	103,931	98,018
Gain on sale of facility	-	(2,254)
Minority interest in income of consolidated subsidiaries	1,374	2,539
Impairment of goodwill	138,534	-
Impairment of long-lived assets	67,384	-
Changes in assets and liabilities and other	(8,378)	11,867
Net cash provided by operating activities	92,080	134,693
Cash flows from investing activities:		
Purchases of property, plant and equipment	(105,125)	(94,132)
Purchases of short-term investments and other	(327)	(4,151)
Proceeds from sales of investments and other	3,815	66,304
Proceeds from sale of facility and other	-	5,784
Distribution from joint venture	5,000	-
Investment in joint venture	(2,598)	(3,499)
Net cash used in investing activities	(99,235)	(29,694)
Cash flows from financing activities:		
Repayments of long-term borrowings	(183,509)	(94,584)
Proceeds from long-term borrowings	139,640	4,303
Proceeds from exercised stock options and other	-	988
Other	(3,790)	(527)
Net cash used in financing activities	(47,659)	(89,820)
Effect of exchange rate changes on cash	(7,472)	1,445
Net increase (decrease) in cash and cash equivalents	(62,286)	16,624
Cash and cash equivalents, beginning of period	146,049	129,425
Cash and cash equivalents, end of period	\$ 83,763	\$ 146,049
Supplemental disclosure of cash flow information:		
Change in accrual for purchases of property, plant and equipment	\$ (46,769)	\$ 51,582
Capital lease obligation for purchases of property, plant and equipment	\$ 61,662	\$ 19,912