SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-K

(Mark One)
[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended ...November 2, 1997...

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, Florida...	..33477..
(Address of principal executive offices)	(Zip Code)

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

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of each class	Name of each exchange on which registered
______None______	_____________________

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

.....Common Stock, $0.01 par value per share.....
(Title of Class)

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 period 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 by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained to the best of registrant's knowledge in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

As of December 31, 1997, 24,301,580 shares of the registrant's Common Stock were outstanding. The aggregate market value of registrant's voting stock held by non-affiliates of the registrant as of December 31, 1997 was approximately $515,600,000.

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DOCUMENTS INCORPORATED BY REFERENCE

Proxy Statement for the 1998 Annual Meeting of Shareholders to be held on March 18, 1998.	Incorporated into Part III of this Form 10-K.

PART I

ITEM 1. BUSINESS

General

Photronics, Inc. (the "Company") is a leading manufacturer of photomasks, which are high precision photographic quartz plates containing microscopic images of electronic circuits. Photomasks are a key element in the manufacture of semiconductors and are used as masters to transfer circuit patterns onto semiconductor wafers during the fabrication of integrated circuits and, to a lesser extent, other types of electrical components.

During fiscal 1997, the Company continued to increase its global manufacturing network and enhance its technological and manufacturing capabilities by expanding its existing facilities and acquiring or establishing new manufacturing operations. In the United States, the Company continued its aggressive investment program in its manufacturing network, constructing a new state-of-the-art manufacturing facility in Austin, Texas, and adding leading edge manufacturing systems to its existing manufacturing operations. Construction of the new Austin, Texas facility was substantially completed during the last calendar quarter of 1997 and it will become operational in early 1998. In addition, in August 1997, the Company announced that it would construct a new manufacturing facility in the Portland, Oregon region. It is expected that the Oregon facility will commence operations in fiscal 1999.

In the European market, the Company acquired Maskenzentrum Fur Mikrostrkturierung Dresden GmbH ("MZD") on June 26, 1997. The operations acquired represent a modern photomask manufacturing operation located in a leased facility in Dresden, Germany. The acquisition was funded with the issuance of shares of Common Stock and available cash reserves. The Company is continuing to operate this facility in place.
Further, in October 1997, the Company held the official grand opening of its new state-of-the-art manufacturing facility in Manchester, United Kingdom. As part of the establishment of this facility, the Company relocated operations from an existing facility in the region and vacated such existing facility.

On October 17, 1997, the Company announced that it had reached an agreement in principle to acquire the internal photomask manufacturing operations of Motorola, Inc. ("Motorola") in Mesa, Arizona. The acquisition was completed on December 31, 1997 and the assets acquired included modern manufacturing systems capable of supporting a wide range of photomask technologies. Additionally, the Company entered into a supply agreement whereby it will supply the photomask requirements previously provided by the acquired operation. The Company will continue to operate the facility in place until it can be relocated to an independent facility in the Mesa area.

In addition to its other efforts during 1997, the Company has continued to focus on maintaining technological leadership at its existing facilities. As a result, the Company has increased its research and development activities and has continued to invest in advanced manufacturing equipment to allow it to meet future technological and volume demands.

The Company believes that its efforts have established it as a leading independent photomask manufacturer on a global basis and provided it with the facilities and expertise to continue to expand its sales base.

The Company, through its wholly owned subsidiary Beta Squared, Inc. ("Beta Squared"), sells and services wafer plasma etching systems and engages in the sale of refurbished semiconductor manufacturing equipment, engineering services and replacement parts, and field service for such equipment on a third-party basis.

The Company is a Connecticut corporation, organized in 1969. Its principal executive offices are located at 1061 East Indiantown Road, Jupiter, Florida, telephone (561) 745-1222.

Manufacturing Technology

The Company manufactures photomasks, which are primarily used as masters to transfer circuit patterns onto semiconductor wafers. The Company's photomasks are manufactured in accordance with circuit designs provided on a confidential basis by its customers. The typical manufacturing process for one of the Company's photomasks involves receipt and conversion of circuit design data to manufacturing pattern data. This manufacturing data is then used to control the lithography system that exposes the circuit pattern onto the photomask blank. The exposed areas are dissolved and etched to produce that pattern on the photomask. The photomask is inspected for defects and conformity to the customer design data, any defects are repaired, any required pellicles (or protective membranes) are applied and, after final cleaning, the photomask is shipped to the customer.

The Company currently supports customers across the full spectrum of integrated circuit production technologies by manufacturing photomasks using electron beam or laser-based technologies and, to a significantly lesser degree, optical-based technologies. Laser-based or electron beam systems are the predominant technologies used for photomask manufacturing. Such technologies are capable of producing the finer line resolution, lighter overlay and larger die size for the larger and more complex circuits currently being designed. Laser and electron beam generated photomasks can be used with the most advanced processing techniques to produce VLSI (very large scale integrated circuit) devices. The Company currently owns a number of laser writing systems and electron beam systems and has committed to purchase additional advanced systems in order to maintain technological leadership. Compared to laser or electron beam generated photomasks, the production of photomasks by the optical method is less expensive, but also less precise. The optical method traditionally is used on less complex and lower priced photomasks.

The first several levels of photomasks sometimes are required to be delivered by the Company within 24 hours from the time it receives a customer's design. The ability to manufacture high quality photomasks within short time periods is dependent upon efficient manufacturing methods, high yields and high equipment reliability. The Company believes that it meets these requirements and has made significant investments in manufacturing and data processing systems and statistical process control methods to optimize the manufacturing process and reduce cycle times.

Quality control is an integral part of the photomask manufacturing process. Photomasks are manufactured in temperature, humidity and particulate controlled clean rooms because of the high level of precision, quality and yields required. Each photomask is inspected several times during the manufacturing process to ensure compliance with customer specifications. The Company has made a substantial investment in equipment to inspect and repair photomasks and to ensure that customer specifications are met. After inspection and any necessary repair, the Company utilizes technological processes to clean the photomasks prior to shipment.

Sales and Marketing

The market for photomasks primarily consists of semiconductor manufacturers and designers, both domestic and international, including manufacturers that have the capability to manufacture photomasks. Generally, the Company and each of its customers engage in a qualification and correlation process before the Company becomes an approved supplier. Thereafter, the Company typically negotiates pricing parameters for a customer's orders based on the customer's specifications in order to expedite the placement of individual purchase orders. Some of these prices may remain in effect for an extended period. The Company also negotiates prices, and occasionally enters into purchase arrangements, based on the understanding that, so long as the Company's performance is competitive, the Company will receive a specified percentage of that customer's photomask requirements.

The Company conducts its sales and marketing activities through a staff of full-time sales personnel and customer service representatives who work closely with the Company's general management and technical personnel. In addition to the sales personnel at the Company's manufacturing facilities in Brookfield, Connecticut; Milpitas and Sunnyvale, California; Colorado Springs, Colorado; Allen and Austin, Texas; Dresden, Germany; Manchester, United Kingdom; Neuchatel, Switzerland; and Singapore, the Company has sales offices in Carlsbad and Pasadena, California; Raleigh, North Carolina; Hillsboro, Oregon; Lancaster, United Kingdom; Bailly, France; and Taiwan.

The Company supports international customers through both its domestic and foreign facilities. The Company also has sub-contract manufacturing arrangements in Taiwan and Korea. The Company considers its presence in international markets important to attracting new customers, providing global solutions to its existing customers and serving customers that utilize manufacturing foundries outside of the United States, principally in Asia. For a statement of the amount of net sales, operating income or loss, and assets attributable to each of the Company's geographic areas of operations, see Note 13 of Notes to the Consolidated Financial Statements.

Equipment Sales and Services

In addition to the manufacture of photomasks, the Company, through its wholly-owned subsidiary, Beta Squared, manufactures, sells and services a wafer plasma etching system used in the processing of semiconductor wafers. The original system was developed by Texas Instruments which licensed to Beta Squared the right to manufacture and sell the system. Beta Squared also sells refurbished semiconductor Manufacturing equipment, engineering services and replacement parts and field service for such equipment on a third-party basis. Such activities represented approximately 2% of the Company's net sales during fiscal 1997.

Customers

The Company primarily sells its products to leading semiconductor manufacturers. The Company's largest customers during fiscal 1997 included the following:

Advanced Micro Devices, Inc.	Micron Technology, Inc.
Analog Devices, Inc.	Motorola, Inc.
Atmel Corporation	National Semiconductor Corporation
Chartered Semiconductor Manufacturing, Ltd.	Orbit Semiconductor Inc.
Cirrus Logic, Inc.	Plessey Semiconductors Limited
Cypress Semiconductor Corporation	Rockwell International Corporation
Digital Equipment Corporation	Symbios Logic, Inc.
Integrated Device Technology, Inc.	Texas Instruments Incorporated
LSI Logic Corp.	VLSI Technology, Inc.
Lucent Technologies, Inc.	Zilog, Inc.

The Company has continually expanded its customer base and, during fiscal 1997, sold its products and services to approximately 400 customers. The Company assumed an agreement with Texas Instruments as part of the acquisition of the Dallas, Texas operation in fiscal 1993 and, as a result, Texas Instruments became a more significant customer of the Company. In fiscal 1997, sales to Texas Instruments represented approximately 23% of net sales, and the loss of Texas Instruments or a significant decrease in the amount of the purchases by Texas Instruments from the Company would have a material adverse effect on the Company. The agreement with Texas Instruments continues until March 31, 2000 and provides that the Company will be Texas Instruments' principal photomask supplier in the United States and Europe so long as the Company's price, quality, service and delivery are competitive. The agreement also requires the Company to ensure that prices charged to Texas Instruments are not less favorable than those otherwise extended by the Company to other customers with similar specifications, volume, delivery and other requirements. During fiscal 1997, no single customer other than Texas Instruments accounted for more than 10% of the Company's net sales. As a result of the acquisition of Motorola's Mesa, Arizona, photomask operation on December 31, 1997, it is anticipated that Motorola will become a more significant customer of the Company. The Company's five largest customers, in the aggregate, accounted for approximately 44% of net sales in fiscal 1997.

Research and Development

The Company conducts ongoing research and development programs intended to maintain the Company's leadership in technology and manufacturing efficiency. Since fiscal 1994, the Company has increased its investment in research and development activities and current efforts include deep ultraviolet, phase-shift and optical proximity correction photomasks for advanced semiconductor manufacturing as well as photomasks for future generation post-optical manufacturing technologies such as x-ray and electron beam. Phase-shift and optical proximity correction photomasks use advanced lithography techniques for enhanced resolutions of images on a semiconductor wafer. Post-optical manufacturing technologies use an exposure source other than light (such as an x-ray or electron beam source) for wafer patterning and are designed for the manufacture of integrated circuits with critical dimensions below that believed possible with currently utilized optical exposure methods. Post-optical manufacturing technologies are still under development and have not yet been adopted as standard production methods. The Company incurred expenses of $7.9 million (including a non-recurring charge of $1.5 million), $8.5 million and $10.6 million for research and development in fiscal 1995, 1996 and 1997, respectively. While the Company believes that it possesses valuable proprietary information and has received licenses under certain patents, the Company does not believe that patents are a material factor in the photomask manufacturing business and it holds only one patent.

Materials and Supplies

Raw materials utilized by the Company generally include high precision quartz plates, which are used as photomask blanks, primarily obtained from Japanese suppliers (including Toppan Printing Co., Ltd. ["Toppan"] and Hoya Corporation ["Hoya"]), pellicles (which are protective transparent cellulose membranes) and electronic grade chemicals used in the manufacturing process. Such materials are generally available from a number of suppliers and the Company is not dependent on any one supplier for its raw materials. The Company believes that its utilization of a broad range of suppliers enables it to access the most advanced material technology available. The Company has established purchasing arrangements with each of Toppan and Hoya and it is expected that the Company will purchase substantially all of its photomask blanks from Toppan and Hoya so long as their price, quality, delivery and service are competitive.

The Company relies on a limited number of equipment suppliers to develop and supply the equipment used in the photomask manufacturing process. Although the Company has been able to obtain equipment on a timely basis, the inability to obtain equipment when required could adversely affect the Company's business and results of operations. The Company also relies on these suppliers to develop future generations of manufacturing systems to support the Company's requirements.

Backlog

The first several levels of photomasks for a circuit sometimes are required to be shipped within 24 hours of receiving a customer's design. Because of the short period between order and shipment dates (typically from one day to two weeks) for the principal portion of the Company's sales, the dollar amount of current backlog is not considered to be a reliable indication of future sales volume.

Competition

The photomask industry is highly competitive and most of the Company's customers utilize more than one photomask supplier. The Company's ability to compete primarily depends upon the consistency of product quality and timeliness of delivery, as well as pricing, technical capability and service. The Company also believes that proximity to customers is an important factor in certain markets. Certain competitors have considerably greater financial and other resources than the Company. The Company believes that it is able to compete effectively because of its dedication to customer service, its investment in state-of-the-art photomask equipment and facilities and its experienced technical employees.

There has been a decrease since the mid-1980s in the number of independent manufacturers as a result of independents being acquired or discontinuing operations. The Company believes that entry into the market by a new independent manufacturer would require a major investment of capital, a significant period of time to establish a commercially viable operation and additional time to attain meaningful market share and achieve profitability. In the past, competition and relatively flat demand led to pressure to reduce prices which the Company believes contributed to the decrease in the number of independent manufacturers. Although independent photomask manufacturers have experienced increased demand since late 1993, there can be no assurance that past trends in pricing and demand will not re-emerge.

Based upon available market information, the Company believes that it has a larger share of the United States market than any other photomask manufacturer and that it is one of the largest photomask manufacturers in the world. Competitors in the United States include DuPont Photomasks and Align-Rite International; and in international markets, Dai Nippon Printing, Toppan, Hoya, DuPont, Taiwan Mask Corp., Innova, Align-Rite and Compugraphics. In addition, some of the Company's customers possess their own captive facilities for manufacturing photomasks and certain semiconductor manufacturers market their photomask manufacturing services to outside customers as well as to their internal organization.

Employees

As of November 2, 1997, the Company employed approximately 1,050 persons on a full-time basis. The Company believes that it offers competitive compensation and other benefits and that its employee relations are good. Except for employees in the United Kingdom, none of the Company's employees is represented by a union.

ITEM 1A. EXECUTIVE OFFICERS OF REGISTRANT

The names of the executive officers of the Company are set forth below, together with the positions held by each person in the Company. All executive officers are elected annually by the Board of Directors and serve until their successors are duly elected and qualified.

NAME AND AGE	POSITION	SERVED AS AN OFFICER SINCE
Constantine S. Macricostas, 62	Chairman of the Board and Director	1974
Michael J. Yomazzo, 55	President, Chief Executive Officer and Director	1977
Jeffrey P. Moonan, 41	Senior Vice President, General Counsel and Secretary	1988
Robert J. Bollo, 53	Vice President/Finance and Chief Financial Officer	1994

The terms of certain financing for the Company specify that if Mr. Macricostas ceases to maintain day-to-day control of the Company, Mr. Yomazzo, or another acceptable replacement, must assume such duties, otherwise the Company may be declared in default.

For the past five years each of the executive officers of the Company held the office shown, except as follows:

Mr. Macricostas served as Chief Executive Officer until August 1997. Mr. Macricostas also serves as a Director of Nutmeg Federal Savings and Loan Association and the DII Group, Inc., a supplier of integrated electronic manufacturing products and services.

Michael J. Yomazzo has been President and Chief Executive Officer since August 1997. From January 1994 until August 1997 he served as President and Chief Operating Officer and from November 1990 until January 1994, he served as Executive Vice President and Chief Financial Officer.

Jeffrey P. Moonan has been Senior Vice President since January 1994 and General Counsel and Secretary since July 1988. From July 1989 until January 1994, he also served as Vice President/Administration.

Robert J. Bollo has been Vice President/Finance and Chief Financial Officer since November 1994. From August 1994 to November 1994, he served as Director of Finance. From April 1992 to July 1994, he was a Principal of CFO Associates, Inc., a financial management firm. Prior to April 1992, he was with Kollmorgen Corporation, serving as a Vice President since January 1990 and Controller and Chief Accounting Officer since February 1985.

ITEM 2. DESCRIPTION OF PROPERTY

The Company's properties include buildings in which the Company currently conducts manufacturing operations or is constructing facilities for future manufacturing operations. The following table presents certain information about the Company's manufacturing facilities.

Location	Facility Size (sq.ft.)	Type of Interest
Brookfield, CT (Building #1)	19,600	Owned
Brookfield, CT (Building #2)	20,000	Leased
Milpitas, CA (2 buildings)	49,000	Leased
Sunnyvale, CA (3 buildings)	40,000	Owned
Colorado Springs, CO	27,000	Leased
Allen, TX	60,000	Owned
Austin, TX	50,000	Owned
Manchester, UK	42,000	Owned
Neuchatel, Switzerland	7,000	Leased
Singapore	20,000	Leased
Dresden, Germany	10,000	Leased

Lease terms range from five years with options to renew to up to twenty years for other facilities. In addition, the Company leases office space in Jupiter, Florida; Carlsbad and Pasadena, California; Hillsboro, Oregon and certain adjacent property in Brookfield, Connecticut. The Company has also obtained property in Hillsboro, Oregon for the construction of an additional manufacturing facility.

The Company believes it has made adequate arrangements for the lease or ownership of its current manufacturing facilities and continually evaluates opportunities for further expansion, both domestically and internationally.

The leased properties in Brookfield, Connecticut, are leased from entities controlled by Constantine S. Macricostas under fixed lease rates which were determined by reference to fair market value rates at the beginning of the respective lease term. Mr. Macricostas is Chairman of the Board and a Director of the Company.

For the year ended November 2, 1997, the Company leased real property and equipment at an aggregate annual rental of approximately $1.2 million and $3.3 million, respectively.

Other than new manufacturing facilities or equipment which have not yet been placed into service, the Company believes it substantially utilized its facilities during the 1997 fiscal year.

ITEM 3. LEGAL PROCEEDINGS

The Company is not a party to any material pending legal proceedings, nor is the property of the Company subject to any such proceedings.

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

A special meeting of the shareholders of the Company was held on November 13, 1997 pursuant to a Notice of Meeting and Proxy Statement, dated October 6, 1997. The meeting was called for the sole purpose of approving an amendment to the Certificate of Incorporation of the Company increasing the authorized Common Stock of the Company from 20,000,000 to 75,000,000 shares. The vote on such amendment was as follows:

For	8,801,215
Against	1,345,440
Abstain	9,712
Broker Non-Votes	0

The number of shares outstanding for the meeting was 12,062,368 and the amendment was approved at the meeting.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDERS' MATTERS

The Common Stock of the Company is traded on the NASDAQ National Market System (NMS) under the symbol PLAB. The table below shows the range of high and low sale prices per share for each quarter for fiscal year 1997 and 1996, as reported on the NASDAQ NMS. All per share prices have been adjusted for a two-for-one stock split for shareholders of record on November 17, 1997.

	High	Low
Fiscal Year Ended November 2, 1997:		
Quarter Ended February 2, 1997	$20.13	$11.75
Quarter Ended May 4, 1997	19.25	13.13
Quarter Ended August 3, 1997	28.50	17.31
Quarter Ended November 2, 1997	32.06	16.75
Fiscal Year Ended October 31, 1996:		
Quarter Ended January 31, 1996	$16.38	$ 9.63
Quarter Ended April 30, 1996	13.75	9.38
Quarter Ended July 31, 1996	15.00	9.88
Quarter Ended October 31, 1996	17.50	12.38

On December 31, 1997, the closing sale price for the Common Stock as reported by NASDAQ was $24.25. Based on information available to the Company, the Company believes it has approximately 5,000 beneficial shareholders.

The Company has not paid any cash dividend to date and, for the foreseeable future, anticipates that earnings will continue to be retained for use in its business.

ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data is derived from the Company's consolidated financial statements. The data should be read in conjunction with the consolidated financial statements and notes thereto and other financial information included elsewhere in this Form 10-K. All share and per share amounts have been adjusted for a two-for-one stock split effected November, 1997.

	Year Ended November 2, 1997	Years Ended October 31, 1996	1995	1994	1993
		(in thousands, except per share amounts)			
OPERATING DATA:					
Net sales	$197,451	$160,071	$125,299	$80,696	$48,363
Costs and expenses:					
Cost of sales	121,502	98,267	76,683	51,204	32,048
Selling, general and administrative	24,940	21,079	17,127	10,517	6,580
Research and development	10,605	8,460	7,899	4,738	2,744
Operating income	40,404	32,265	23,590	14,237	6,991
Other income and expense:					
Interest income	2,424	1,601	1,627	568	547
Interest expense	(2,226)	(160)	(141)	(75)	(101)
Other income (expense), net	834	197	4,766	571	(1)
Income before income taxes and cumulative effect of change in accounting for income taxes	41,436	33,903	29,842	15,301	7,436
Provision for income taxes	15,800	12,900	11,210	5,202	2,528
Income before cumulative effect of change in accounting for income taxes	25,636	21,003	18,632	10,099	4,908
Cumulative effect of change in accounting for income taxes	-	-	-	237	-
Net income	$ 25,636	$ 21,003	$ 18,632	$10,336	$ 4,908
Net income per share:					
Income before cumulative effect of change in accounting for income taxes	$1.03	$0.87	$0.83	$0.50	$0.29
Cumulative effect of change in accounting for income taxes	-	-	-	0.01	-
Net income	$1.03	$0.87	$0.83	$0.51	$0.29
Weighted average number of common shares outstanding	24,916	24,202	22,414	20,124	16,744

	November 2, 1997	October 31, 1996	1995	1994	1993
BALANCE SHEET DATA:					
Working capital	$ 81,398	$ 21,613	$ 49,653	$32,329	$17,577
Property, plant and equipment	203,813	123,666	72,063	39,205	41,585
Total assets	365,212	211,903	174,218	98,346	74,441
Long-term debt	106,194	1,987	1,809	495	1,051
Shareholders' equity	185,975	156,417	134,045	80,402	62,626
Cash dividends declared per share	-	-	-	-	-

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations for the
Years Ended November 2, 1997 and October 31, 1996 and 1995

OVERVIEW

In fiscal 1996, Photronics established its first operations outside of the United States by acquiring operations in Oldham, U.K., and in Neuchatel, Switzerland, opening a new manufacturing facility in Singapore and acquiring a minority interest in an independent photomask manufacturer in Korea. In addition, during 1997 the Company acquired an independent photomask manufacturer in Dresden, Germany. These facilities, together with the Company's five existing U.S. facilities, comprised a global manufacturing network of ten facilities supporting semiconductor fabricators in the Asian, European and North American markets. As a result of the Company's globalization, revenues from foreign operations increased to 11.9% in 1997, compared with 4.3% in 1996, and that trend is expected to continue. Individually, none of these acquisitions had a material effect on the result of operations in fiscal 1996 or 1997 (see Note 6 of Notes to the Consolidated Financial Statements). Substantially all of the Company's consolidated Asian sales are denominated in U.S. Dollars resulting in minimal foreign currency exchange risk on transactions due to recent weaknesses in Asian currencies.

Revenues and costs also have been affected by the increased demand for higher technology photomasks which require more advanced manufacturing capabilities and generally command higher average selling prices. To meet this demand and position the Company for future growth, the Company continues to make substantial investments in high-end manufacturing technology and capacity both at existing and new facilities. Since 1996, the Company has constructed four (4) new manufacturing facilities. In addition to the Singapore facility, the Company completed construction of its new state-of-the-art facility in Allen, Texas, to which it relocated its Dallas, Texas operation in the fourth quarter of fiscal 1996. During the fourth quarter of 1997, the Company completed construction of its new state-of-the-art facility in Manchester, U.K., to which the former Oldham, U.K. operation was relocated. During 1997, the Company completed construction of a new manufacturing facility near Austin, Texas, which will be operational in early 1998. The Company has also announced its plans to construct a new facility in Hillsboro, Oregon, which it expects to be operational in 1999. In addition, on December 31, 1997, the Company acquired the internal photomask manufacturing operation of Motorola, Inc. in Mesa, Arizona, and plans to relocate that operation to an independent facility in the Mesa area by early 1999 (see Note 14 of Notes to Consolidated Financial Statements).

RESULTS OF OPERATIONS

Net Sales:

Net sales for the fiscal year ended November 2, 1997 increased 23% to $197.5 million, compared with $160.1 million in the prior year. Sales from Photronics' new international manufacturing operations accounted for approximately 40% of the 1997 increase. The remaining portion of the growth resulted from increased shipments to customers from existing facilities due to stronger high-end product demand and the availability of greater advanced manufacturing capability, reflecting the implementation of the Company's capacity expansion program.

Net sales in fiscal 1996 represented an increase of 27.8% over fiscal 1995 net sales of $125.3 million. The majority of the growth was from increased shipments to customers from existing facilities due to greater manufacturing capacity resulting from the Company's capital expansion program, and from increased average selling prices due to a larger proportion of higher technology photomask shipments in fiscal 1996. Approximately 20% of the increase was attributable to the European acquisitions. The increase in sales was also favorably affected by the inclusion of a full year's sales for the Company's Colorado and Sunnyvale facilities which were acquired during fiscal 1995, and increased sales from the Company's wholly owned subsidiary, Beta Squared, Inc. ("Beta Squared").

Cost of Sales:

Cost of sales for the year ended November 2, 1997, increased 23.6% to $121.5 million, compared with $98.3 million in the prior fiscal year. Gross margins decreased slightly to 38.5% of sales in 1997, compared with 38.6% in 1996. Favorable margins resulting from a higher capacity utilization and a more favorable mix of higher-end products were offset by the cost of the Company's expanded manufacturing base, which was still in the process of ramping-up to higher levels of utilization earlier in the year, and the inclusion of international operations which generated margins below those generally experienced in the Company's domestic operations. In addition, margins were lower at the Company's Beta Squared subsidiary. To allow for increased manufacturing capability, the Company has continued to increase its staffing levels and added to its manufacturing systems, resulting in higher labor and equipment-related costs, including depreciation expense. The Company anticipates that its fixed operating costs will increase in connection with its continuing capacity expansion which it expects to offset with increases in net sales.

Cost of sales for fiscal 1996 increased 28.1% over fiscal 1995 cost of sales of $76.7 million. These increases resulted principally from increases in sales volume, including those resulting from the Company's acquisitions. To meet the increased production demands, the Company increased its staffing levels and manufacturing capacity, resulting in, among other things, increased labor costs, depreciation expense and equipment maintenance costs. Gross margins as a percentage of net sales decreased slightly to 38.6% in fiscal 1996, compared with 38.8% in fiscal 1995. Improvements from higher capacity utilization of the Company's installed equipment base and a more favorable mix of advanced photomasks were offset by the absorption of increased costs resulting from manufacturing capacity expansion and lower margins generally at recently acquired operations, at Beta Squared, and on sales contracted to foreign manufacturing partners.

Selling, General and Administrative Expenses:

Selling, general and administrative expenses increased 18.3% to $24.9 million for the year ended November 2, 1997, compared with $21.1 million in the prior fiscal year. However, as a percentage of net sales, selling, general and administrative expenses decreased to 12.6% in 1997, compared with 13.2% in 1996. The increases in costs resulted from the addition of the new international operations, as well as increased staffing and other costs associated with the Company's domestic expansion.

Selling, general and administrative expenses in fiscal 1996 increased 23.1% over fiscal 1995 expenses of $17.1 million. Nearly half of all the increase was due to the addition of the Company's foreign operations. The remaining increase primarily is attributable to the inclusion of a full year's expenses for the Company's Colorado and Sunnyvale facilities which were acquired during fiscal 1995 and increased staffing levels to accommodate the Company's significant growth, partially offset by lower incentive compensation expense. As a percentage of net sales, selling, general and administrative expenses decreased to 13.2% for fiscal 1996 compared to 13.7% in the prior fiscal year, largely due to the lower level of employee incentive compensation expenses in fiscal 1996.

Research and Development:

Research and development expenses for the year ended November 2, 1997, increased 25.4% to $10.6 million, compared with $8.5 million in the prior fiscal year. This increase reflects continued engineering on more complex photomasks, including phase shift, optical proximity correction and deep ultra-violet technologies, as well as on next generation "post-optical" technologies, such as SCALPEL and x-ray. In addition, 1997 R&D expense included Beta Squared's development of PLASMAX, a proprietary "in-situ" dry cleaning process that removes contamination from a silicon wafer during plasma etching. As a percentage of net sales, research and development expenses increased to 5.4% for the year ended November 2, 1997, compared with 5.3% in the prior fiscal year.

Research and development expenses in fiscal 1996 increased 7.1% over fiscal 1995 expenses of $7.9 million. In connection with the Microphase acquisition in fiscal 1995, the Company recorded a one-time charge of $1.5 million, representing amounts assigned to certain Microphase research and development projects, principally for the manufacture of large area masks, which were expensed upon acquisition. Excluding this non-recurring charge, research and development expenses for fiscal 1996 increased approximately 32% compared to fiscal 1995. This increase reflected the expansion of the Company's research and development organization and the resulting increase in its development efforts that have focused on new high-end, more complex photomasks utilizing phase shift, optical proximity correction and deep ultra-violet technologies, and on large area photomasks. As a percentage of net sales, excluding the Microphase charge, research and development expenses increased to 5.3% in fiscal 1996 from 5.1% in fiscal 1995.

Other Income and Expense:

Other income and expense decreased $0.6 million in fiscal 1997, principally as a result of interest expense on borrowings, including interest on the newly issued convertible notes. However, 1997 included a $1.6 million gain from the sale of investment securities, offset by an increase in net interest expense resulting from borrowings and lower levels of funds available for investment earlier in the year.

Other income for fiscal 1996 consisted principally of interest income which remained fairly constant at $1.6 million compared with 1995. Other income, net, decreased to $0.2 million for fiscal 1996 compared to $4.8 million for the prior fiscal year principally due to the $5.1 million net gain from the sales of investment securities during fiscal 1995.

Minority interest expense and foreign currency transaction gains or losses were not significant in fiscal 1997 or 1996.

Income Taxes:

The Company provided federal, state and foreign income taxes at an estimated combined effective annual tax rate of 38.1% in 1997 as compared to 38.0% in 1996 and 37.6% in 1995. The increase in the Company's estimated tax rate primarily is the result of a decrease in tax-exempt investment income.

Net Income:

Net income for the year ended November 2, 1997, increased 22.1% to $25.6 million, or $1.03 per share, compared with $21.0 million, or $0.87 per share, in the prior fiscal year. Net income in 1997 included $1.0 million, or $0.04 per share, from the gain on the sale of investment securities. The weighted average number of common shares outstanding increased to 24.9 million for the year ended November 2, 1997, from 24.2 million in the prior fiscal year, principally as a result of the issuance of shares in connection with employee stock option exercises.

Net income for fiscal 1996 increased 12.7% over fiscal 1995 net income of $18.6 million, or $0.83 per share. Excluding the non-recurring research and development charge and the net gain from the sale of investment securities in fiscal 1995 which increased net income by approximately $2 million, or $0.08 per share, net income for fiscal 1996 increased approximately 26%. Earnings per share were based on 24.2 million weighted average shares outstanding in fiscal 1996, compared with 22.4 million shares in 1995. The increase in weighted average shares outstanding in fiscal 1996 and 1995 principally are the result of a public offering of 3.0 million shares in April and May 1995 and the issuance of approximately 200,000 shares in connection with the Microphase acquisition in June 1995.

All share and earnings per share amounts have been adjusted for a two-for-one stock split effected in November 1997 (see Note 14 of Notes to the Consolidated Financial Statements).

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash, cash equivalents and short-term investments increased $59.4 million during fiscal 1997, largely as a result of $100 million of proceeds from the sale of a new issue of convertible subordinated notes. In addition, operating activities provided cash of $46.5 million. Offsetting these increases were $97.4 million of capital expenditures for building construction and equipment purchases in connection with the Company's expansion of manufacturing capacity, together with the acquisition of MZD in Dresden, Germany. Other increases in cash during 1997, included proceeds from the sale of investments of $1.9 million, and $6.1 million from sales of stock under the employee stock option and purchase plans.

Accounts receivable increased 40% to $34.6 million at November 2, 1997 from $24.8 million at October 31, 1996, primarily as a result of higher order activity over the course of the fourth quarter of 1997, and sales by the new foreign operations. Inventories increased $3.3 million, or 41.4% from October 31, 1996 to $11.3 million at November 2, 1997, as a result of higher volumes and more locations, as well as the purchase in 1997 of several machines for refurbishment and resale by Beta Squared. Other current assets increased to $7.0 million at November 2, 1997, from $6.2 million at October 31, 1996, primarily due to an increase in prepaid expenses.

Property, plant and equipment increased to $203.8 million at November 2, 1997, from $123.7 million at October 31, 1996. Deposits on and purchases of equipment and construction in progress on new facilities aggregated $96.3 million during the year ended November 2, 1997. These increases were offset by depreciation expense totalling $19.8 million in fiscal 1997. The decrease in intangible assets from $9.3 million at October 31, 1996 to $8.2 million at November 2, 1997, was due primarily to amortization expense during the year.

Investments and other assets increased from $13.4 million at October 31, 1996 to $14.2 million at November 2, 1997 due to the deferral of certain costs and fees incurred in connection with the issuance of convertible notes, offset by the sale of certain investment securities.

In addition to new foreign operations and a higher level of costs generally due to the Company's growth, accounts payable and other accrued liabilities increased $8.0 million from October 31, 1996 to $46.4 million at November 2, 1997, due to the substantial completion of construction in Austin, Texas and in Manchester, U.K., and the acceptance of a significant amount of new capital equipment at the end of the year. Accrued salaries and wages increased to $7.4 million at November 2, 1997 from $5.6 million at October 31, 1996, largely as a result of fiscal 1997 accruals, including incentive compensation and timing of other expenses.

During 1997, the Company sold $103.5 million of convertible subordinated notes, due in 2004, in a public offering. The notes bear interest at 6% per annum and are convertible into 3.7 million shares of the Company's common stock. The Company received the proceeds, net of underwriting discounts and costs, of $100 million on May 29, 1997, and repaid $15 million outstanding under its revolving credit facility. Other changes in long-term debt were due to the imputation of interest on the obligation incurred in connection with an acquisition in fiscal 1995.

Deferred income taxes and other liabilities increased from $9.5 million at October 31, 1996, to $15.5 million at November 2, 1997, largely due to increases in deferred income taxes resulting from the increase in accelerated depreciation for tax purposes and amounts due in the future in connection with the acquisition of MZD.

The Company's commitments represent on-going investments in additional manufacturing capacity, as well as advanced equipment for research and development of the next generation of higher technology and more complex photomasks. At November 2, 1997, the Company had commitments outstanding for capital expenditures of approximately $53 million. Additional commitments are expected to be incurred during 1998.

The Company has amended its revolving credit facility to permit borrowings of up to $30.0 million at any time through October 31, 1998. All amounts outstanding at October 31, 1998 will be due and payable on such date. The Company believes that its currently available resources, together with its capacity for substantial growth and its accessibility to other debt and equity financing sources, are sufficient to satisfy its cash requirements for the foreseeable future.

EFFECT OF NEW ACCOUNTING STANDARDS

In February 1997, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 128 ("SFAS 128"), "Earnings per Share", which establishes new standards for the computation and disclosure of earnings per share ("EPS"). The new statement requires dual presentation of "basic" EPS and "diluted" EPS. 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. The Company cannot adopt SFAS 128 until the first quarter of fiscal 1998. The effect of SFAS 128, had it been adopted beginning in fiscal 1995, would have been to present basic EPS that would have been greater than EPS actually reported by $0.04 for 1995, by $0.02 for 1996 and $0.04 for 1997. The presentation of diluted EPS would have been the same as EPS actually reported for the respective periods.

In June 1997, the FASB issued SFAS No. 130, "Reporting Comprehensive Income", and SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information." Both of these statements establish new standards for financial statement reporting and disclosure of certain information effective for the Company in fiscal 1999. Neither of the new statements is expected to have a material impact on the Company's current financial reporting.

YEAR 2000 COSTS

The Company is currently implementing new worldwide computerized manufacturing and information systems which will be completed in 1998. Such systems have the ability to process transactions with dates for the year 2000 and beyond at no incremental cost and, accordingly, "Year 2000" issues are not expected to have any material impact on the Company's future financial condition or results of operations.

"SAFE HARBOR" STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995:

Except for historical information, the matters discussed above may be considered forward-looking statements and may be subject to certain risks and uncertainties that could cause the actual results to differ materially from those projected, including uncertainties in the market, pricing, competition, procurement and manufacturing efficiencies, and other risks.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO CONSOLIDATED FINANCIAL STATEMENT

	Page
Independent Auditors' Report..	19
Consolidated Balance Sheet at November 2, 1997 and October 31, 1996........	20 - 21
Consolidated Statement of Earnings for the years ended November 2, 1997 and October 31, 1996 and 1995.......................	22
Consolidated Statement of Shareholders' Equity for the years ended November 2, 1997 and October 31, 1996 and 1995..............	23
Consolidated Statement of Cash Flows for the years ended November 2, 1997 and October 31, 1996 and 1995..............	24
Notes to Consolidated Financial Statements............................	25 - 36

Independent Auditors' Report

Board of Directors and Shareholders
Photronics, Inc.
Jupiter, Florida

We have audited the accompanying consolidated balance sheets of Photronics, Inc. and its subsidiaries as of November 2, 1997 and October 31, 1996, and the related consolidated statements of earnings, shareholders' equity and cash flows for each of the three years in the period ended November 2, 1997. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the consolidated financial position of Photronics, Inc. and its subsidiaries as of November 2, 1997 and October 31, 1996, and the results of their operations and their cash flows for each of the three years in the period ended November 2, 1997 in conformity with generally accepted accounting principles.

DELOITTE & TOUCHE LLP

Hartford, Connecticut
December 8, 1997

PHOTRONICS, INC. AND SUBSIDIARIES

Consolidated Balance Sheet

November 2, 1997 and October 31, 1996

(dollars in thousands)

Assets	1997	1996
Current assets:		
Cash and cash equivalents	$ 57,845	$ 18,766
Short-term investments	28,189	7,918
Accounts receivable (less allowance for doubtful accounts of $235 in 1997 and 1996)	34,563	24,750
Inventories	11,302	7,992
Other current assets	7,038	6,154
Total current assets	138,937	65,580
Property, plant and equipment	203,813	123,666
Intangible assets (less accumulated amortization of $4,048 in 1997 and $3,256 in 1996)	8,218	9,305
Investments	10,421	13,239
Other assets	3,823	113
	$365,212	$211,903

See accompanying notes to consolidated financial statements.

PHOTRONICS, INC. AND SUBSIDIARIES

Consolidated Balance Sheet

November 2, 1997 and October 31, 1996

(dollars in thousands, except per share amounts)

Liabilities and Shareholders' Equity	1997	1996
Current liabilities:		
Current portion of long-term debt	$ 272	$ 38
Accounts payable	34,173	34,168
Income taxes payable	3,454	-
Accrued salaries and wages	7,423	5,561
Other accrued liabilities	12,217	4,200
Total current liabilities	57,539	43,967
Long-term debt	106,194	1,987
Deferred income taxes	10,508	7,481
Other liabilities	4,996	2,051
Total liabilities	179,237	55,486
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, $.01 par value, 2,000,000 shares authorized, none issued and outstanding	-	-
Common stock, $.01 par value, 75,000,000 shares authorized in 1997, 20,000,000 shares authorized in 1996, 24,300,970 shares issued in 1997 and 11,973,290 shares issued in 1996	243	120
Additional paid-in capital	85,129	77,833
Retained earnings	99,609	73,973
Unrealized gains on investments	3,251	4,678
Treasury stock, 136,500 shares at cost	-	(245)
Foreign currency translation adjustment	(2,008)	58
Deferred compensation on restricted stock	(249)	-
Total shareholders' equity	185,975	156,417
	$365,212	$211,903

See accompanying notes to consolidated financial statements.

PHOTRONICS, INC. AND SUBSIDIARIES

Consolidated Statement of Earnings

Years Ended November 2, 1997 and October 31, 1996 and 1995

(in thousands, except per share amounts)

	1997	1996	1995
Net sales	$197,451	$160,071	$125,299
Costs and expenses:			
Cost of sales	121,502	98,267	76,683
Selling, general and administrative	24,940	21,079	17,127
Research and development	10,605	8,460	7,899
Operating income	40,404	32,265	23,590
Other income and expense:			
Interest income	2,424	1,601	1,627
Interest expense	(2,226)	(160)	(141)
Other income, net	834	197	4,766
Income before income taxes	41,436	33,903	29,842
Provision for income taxes	15,800	12,900	11,210
Net income	$ 25,636	$ 21,003	$ 18,632
Net income per common share	$1.03	$0.87	$0.83
Weighted average number of common shares outstanding	24,916	24,202	22,414

See accompanying notes to consolidated financial statements.

PHOTRONICS, INC. AND SUBSIDIARIES
Consolidated Statement of Shareholders' Equity
Years Ended November 2, 1997 and October 31, 1996 and 1995
(in thousands)

	Common Stock		Additional Paid-In Capital	Retained Earnings	Unrealized Gains on Investments	Treasury Stock	Foreign Currency Translation Adjustment	Deferred Compensation on Restricted Stock	Total Shareholders' Equity
	Shares	Amount							
Balance at November 1, 1994	6,660	$ 67	$41,338	$34,338	$5,608	($245)	$ -	($704)	$ 80,402
Net income	-	-	-	18,632	-	-	-	-	18,632
Sale of common stock in connection with public offering	1,500	15	29,336	-	-	-	-	-	29,351
Issuance of common stock related to acquisition	98	1	2,399	-	-	-	-	-	2,400
Sale of common stock through warrants and employee stock option and purchase plans	170	2	2,043	-	-	-	-	-	2,045
Amortization of restricted stock to compensation expense	-	-	-	-	-	-	-	352	352
Change in unrealized gains on investments	-	-	-	-	863	-	-	-	863
Three-for-two stock split	3,330	33	(33)	-	-	-	-	-	-
Balance at October 31, 1995	11,758	118	75,083	52,970	6,471	(245)	-	(352)	134,045
Net income	-	-	-	21,003	-	-	-	-	21,003
Sale of common stock through employee stock option and purchase plans	215	2	2,750	-	-	-	-	-	2,752
Foreign currency translation adjustment	-	-	-	-	-	-	58	-	58
Amortization of restricted stock to compensation expense	-	-	-	-	-	-	-	352	352
Change in unrealized gains on investments	-	-	-	-	(1,793)	-	-	-	(1,793)
Balance at October 31, 1996	11,973	120	77,833	73,973	4,678	(245)	58	-	156,417
Net income	-	-	-	25,636	-	-	-	-	25,636
Issuance of common stock related to acquisition	50	-	1,337	-	-	-	-	-	1,337
Sale of common stock through employee stock option and purchase plans	258	3	6,060	-	-	-	-	-	6,063
Foreign Currency translation adjustment	-	-	-	-	-	-	(2,066)	-	(2,066)
Restricted stock awards, net	6	-	264	-	-	-	-	(249)	15
Retirement of treasury stock	(136)	(1)	(244)	-	-	245	-	-	-
Change in unrealized gains on investments	-	-	-	-	(1,427)	-	-	-	(1,427)
Two-for-one stock split	12,150	121	(121)	-	-	-	-	-	-
Balance at November 2, 1997	24,301	$243	$85,129	$99,609	$3,251	$ -	($2,008)	($249)	$185,975

See accompanying notes to consolidated financial statements.

PHOTRONICS, INC. AND SUBSIDIARIES

Consolidated Statement of Cash Flows

Years Ended November 2, 1997 and October 31, 1996 and 1995

(in thousands)

	1997	1996	1995
Cash flows from operating activities:			
Net income	$25,636	$21,003	$18,632
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization of property, plant and equipment	19,817	12,120	8,747
Amortization of intangible assets	1,082	1,100	1,039
Gain on sale of investments	(1,562)	-	(5,110)
Deferred income taxes	989	1,000	(842)
Research and development expense from acquisition	-	-	1,484
Other	338	626	377
Changes in assets and liabilities, net of effects of acquisitions:			
Accounts receivable	(9,405)	(6,893)	(7,639)
Inventories	(3,157)	(1,228)	(2,922)
Other current assets	(870)	(3,260)	199
Accounts payable and accrued liabilities	13,677	14,159	19,587
Net cash provided by operating activities	46,545	38,627	33,552
Cash flows from investing activities:			
Acquisitions of and investments in photomask operations	(1,065)	(12,397)	(10,536)
Deposits on and purchases of property, plant and equipment	(96,319)	(55,762)	(35,547)
Net change in short-term investments	(20,271)	8,303	(13,686)
Proceeds from sale of investments	1,939	-	5,750
Other	2,151	1,635	90
Net cash used in investing activities	(113,565)	(58,221)	(53,929)
Cash flows from financing activities:			
Issuance of subordinated convertible notes, net of deferred issuance costs	99,697	-	-
Repayment of long-term debt	(151)	(36)	(467)
Proceeds from issuance of common stock	6,063	2,752	31,396
Net cash provided by financing activities	105,609	2,716	30,929
Effect of exchange rate changes on cash flows	490	-	-
Net increase (decrease) in cash and cash equivalents	39,079	(16,878)	10,552
Cash and cash equivalents at beginning of year	18,766	35,644	25,092
Cash and cash equivalents at end of year	$57,845	$18,766	$35,644

See accompanying notes to consolidated financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation

The accompanying consolidated financial statements include the accounts of Photronics, Inc. and its subsidiaries. All significant intercompany balances and transactions have been eliminated. Certain amounts in the consolidated financial statements for periods prior to November 2, 1997 have been reclassified to conform to the current presentation. The Company adopted a fifty-two (52) week fiscal year beginning in the first quarter of fiscal 1997. No material impact resulted from this change.

Foreign Currency Translation

The Company's subsidiaries in Europe and Singapore maintain their accounts in their respective local currencies. Assets and liabilities of such subsidiaries are translated to U.S. dollars at year-end exchange rates. Income and expenses are translated at average rates of exchange prevailing during the year. Foreign currency translation adjustments are accumulated in a separate component of shareholders' equity. The effects of changes in exchange rates on foreign currency transactions are included in income.

Cash and Cash Equivalents

Cash and cash equivalents include cash and highly liquid investments purchased with an original maturity of three months or less. The carrying values approximate fair value based on the short maturity of the instruments.

Investments

The Company's debt and equity investments available for sale are carried at fair value. Short-term investments include a diversified portfolio of high quality marketable securities which will be liquidated as needed to meet the Company's current cash requirements. All other investments are classified as non-current assets. Unrealized gains and losses, net of tax, are reported as a separate component of shareholders' equity. Gains and losses are included in income when realized, determined based on the disposition of specifically identified investments.

Inventories

Inventories, principally raw materials, are stated at the lower of cost, determined under the first-in, first-out (FIFO) method, or market.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost less accumulated depreciation. The capitalized cost of newly constructed facilities includes an interest component where appropriate. Repairs and maintenance as well as renewals and replacements of a routine nature are charged to operations as incurred, while those which improve or extend the lives of existing assets are capitalized. Upon sale or other disposition, the cost of the asset and accumulated depreciation are eliminated from the accounts, and any resulting gain or loss is reflected in income.

For financial reporting purposes, depreciation and amortization are computed on the straight-line method over the estimated useful lives of the related assets. Buildings and improvements are depreciated over 15 to 40 years, machinery and equipment over 3 to 10 years and furniture, fixtures and office equipment over 3 to 5 years. Leasehold improvements are amortized over the life of the lease or the estimated useful life of the improvement, whichever is less. For income tax purposes, depreciation is computed using various accelerated methods and, in some cases, different useful lives than those used for financial reporting.

Intangible And Other Assets

Intangible assets include goodwill and other costs arising from business acquisitions. Other assets include deferred costs incurred in connection with the issuance of Convertible Notes. Goodwill, which represents the excess of cost over fair value of assets acquired, is being amortized on a straight-line basis over fifteen to twenty years. Costs allocated to sales, non-compete and technology agreements arising from business acquisitions and other intangible assets are being amortized on a straight-line basis over the respective agreement periods ranging from three to ten years. Deferred issuance costs are amortized on a straight-line basis over the term of the notes. The future economic benefit of the carrying value of intangible assets is reviewed periodically and any dimunition in useful life or impairment in value based on future anticipated cash flows would be recorded in the period so determined.

Income Taxes

The provision for income taxes is computed on the basis of consolidated financial statement income. Deferred income taxes reflect the tax effects of differences between the carrying amounts of assets and liabilities for financial reporting and the amounts used for income tax purposes.

Net Income Per Common Share

Net income per common and common equivalent share is calculated using the weighted average number of common and common equivalent shares outstanding during each year. When dilutive, stock options and stock purchase warrants are included as common equivalent shares using the treasury stock method.

Stock Options

The Company records stock option awards in accordance with the provisions of Accounting Principles Board Opinion 25, "Accounting for Stock Issued to Employees". The Company estimates the fair value of stock option awards in accordance with Statement of Financial Accounting Standards No. 123 ("SFAS 123"), "Accounting for Stock-Based Compensation," and discloses the resulting estimated compensation effect on net income on a pro forma basis.

NOTE 2 - INVESTMENTS

Short-term investments consist of:

	November 2, 1997	October 31, 1996
Government agency securities	$ 4,205	$7,918
Corporate bonds	18,178	-
Certificates of deposit	5,806	-
	$28,189	$7,918

The estimated fair value of short-term investments, based upon current yields of like securities, approximates cost, resulting in no significant unrealized gains or losses. Short-term investments at November 2, 1997, mature by their terms, as follows:

Due within one year	$18,049
Due after one year, but within three years	7,988
Due after three years	2,152
	$28,189

Other investments consist of available-for-sale equity securities of publicly traded technology companies and a minority interest in a photomask manufacturer in Korea. The fair values of available-for-sale investments are based upon quoted market prices. The Company is a supplier to one of the investee companies. In the absence of quoted market prices, the estimated fair value is based upon the financial condition and the operating results and projections of the investee and is considered to approximate cost. Unrealized gains on investments were determined as follows:

	November 2, 1997	October 31, 1996
Fair value	$10,421	$13,239
Cost	4,767	5,104
	5,654	8,135
Less deferred income taxes	2,403	3,457
Net unrealized gains	$ 3,251	$ 4,678

NOTE 3 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of the following:

	November 2, 1997	October 31, 1996
Land	$ 2,735	$ 2,735
Buildings and improvements	39,115	21,798
Machinery and equipment	220,199	140,297
Leasehold improvements	9,910	9,703
Furniture, fixtures and office equipment	3,754	1,873
	275,713	176,406
Less accumulated depreciation and amortization	71,900	52,740
Property, plant and equipment	$203,813	$123,666

NOTE 4 - LONG-TERM DEBT

Long-term debt consists of the following:

	November 2, 1997	October 31, 1996
6% Convertible Subordinated Notes due June 1, 2004	$103,500	$ -
Acquisition indebtedness payable December 1, 1998, net of interest of $122 at October 31, 1997 and $234 at October 31, 1996, imputed at 7.45%	1,678	1,566
Installment note payable by foreign subsidiary with interest at 4.75% through June, 2001	867	-
Industrial development mortgage note, secured by building, with interest at 6.58%, payable through November 2005	421	459
	106,466	2,025
Less current portion	272	38
Long-term debt	$106,194	$1,987

Long-term debt matures as follows: 1999 - $1,953; 2000 - $278; 2001 - $223; 2002 - $53; years after 2002 - $103,687. The fair value of long-term debt not yet substantively extinguished is estimated based on the current rates offered to the Company and is not significantly different from carrying value, except that the fair value of the convertible subordinated notes, based upon the most recently reported trade as of November 2, 1997, amounted to $116.0 million.

On May 29, 1997, the Company sold $103.5 million of convertible subordinated notes, due in 2004, in a public offering. The notes bear interest at 6% per annum and are convertible at any time by the holders into 3.7 million shares of the Company's common stock, at a conversion price of $27.97 per share. The notes are redeemable at the Company's option, in whole or in part, at any time after June 1, 2000 at certain premiums decreasing through the maturity date. Interest is payable semi-annually commencing December 1, 1997.

In March 1995, the Company entered into an unsecured revolving credit facility which was amended in 1997 to provide for borrowings of up to $30 million at any time through October 31, 1998. The Company is charged a commitment fee on the average unused amount of the available credit and is subject to compliance with and maintenance of certain financial covenants and ratios. During 1997, the Company borrowed $15 million under this agreement, but at November 2, 1997 no amounts were outstanding.

Cash paid for interest was $164, $48 and $38 in 1997, 1996 and 1995, respectively.

NOTE 5 - SHAREHOLDERS' EQUITY

In September 1997, the Company's Board of Directors authorized a two-for-one stock split effected in the form of a stock dividend, which was paid to shareholders of record on November 17, 1997 (see Note 14). In January 1995, the Company effected a three-for-two stock split resulting in the issuance of 3.3 million additional shares of common stock. All applicable share and per share amounts reflected in the financial statements have been restated to reflect both stock splits.

In connection with a public offering, in April and May 1995, the Company issued 3 million new shares of common stock at a price of $10.50 per share ($9.92 per share after underwriting discounts), 80,000 shares of common stock due to the exercise of stock options at prices ranging from $0.92 to $1.59 per share and 15,000 additional shares of common stock resulting from the exercise of a warrant at $2.62 per share. The proceeds, net of costs of the issue, amounted to $29.6 million.

In June 1997, the Company issued 99,000 shares of common stock in connection with the acquisition of MZD. In June 1995, the Company issued 197,118 shares of common stock in connection with the acquisition of Microphase Laboratories, Inc. See Note 6.

NOTE 6 - ACQUISITIONS

European Photomask Operations

On June 26, 1997, the Company acquired all of the outstanding shares of MZD Maskenzentrum fur Mikrostruktrierung Dresden GmbH (MZD), an independent photomask manufacturer located in Dresden, Germany, for $3.1 million in cash and common shares of the Company. The acquisition was accounted for as a purchase and, accordingly, the acquisition price was allocated to assets and liabilities based on relative fair value. The results of MZD were not material to the Company for the periods presented.

In January 1996, the Company acquired the photomask manufacturing operations and assets of Plessey Semiconductors Limited ("Plessey") located in Oldham, United Kingdom, for $4.9 million in cash. In connection with the transaction, the Company leased the facilities from Plessey previously utilized by them for the manufacture of photomasks. The acquisition was accounted for as a purchase and, accordingly, the acquisition price was allocated to property and equipment based on relative fair value.

In April 1996, the Company, through a majority-owned subsidiary, acquired the photomask manufacturing operations and assets of the Litomask Division ("Litomask") of Centre Suisse d'Electronique et de Microtechnique S.A. ("CSEM") located in Neuchatel, Switzerland for $3.4 million in cash. CSEM retained the remaining interest in this subsidiary for up to two years at which time it will be acquired by the Company for an additional consideration of $3.3 million. In connection with the transaction, the Company leased the facilities and retained certain services from CSEM previously utilized by Litomask. The acquisition was accounted for as a purchase and, accordingly, the acquisition price was allocated to property and equipment based on relative fair value.

The consolidated statement of earnings includes the results of European photomask operations beginning on the effective date of the respective acquisition. Such results were not material to the Company.

Hoya Micro Mask, Inc.

In December 1994, the Company acquired certain assets held by Hoya Micro Mask, Inc. ("Micro Mask"), an independent photomask manufacturer with manufacturing operations located in Sunnyvale, California. The transaction included the purchase of the land, buildings, inventory and certain assets other than cash and receivables. In addition, significant manufacturing systems owned by Micro Mask were leased by the Company from Micro Mask. The acquisition was financed through the payment of approximately $10.2 million in cash and the obligation to pay $1.8 million, without interest, four years after the closing. The operating lease of the significant manufacturing systems has a term ranging from 44 to 62 months and includes the right to purchase the systems at fair market value at the end of the lease. The acquisition was accounted for as a purchase and, accordingly, the acquisition price was allocated to property, plant and equipment as well as certain intangible assets based on relative fair value. The excess of purchase price over the fair value of assets acquired is being amortized over 20 years. The consolidated statement of earnings includes the results of Micro Mask's operations from December 1, 1994, the effective date of the acquisition.

Microphase Laboratories, Inc.

In June 1995, the Company acquired the manufacturing operations and assets, exclusive of cash and accounts receivable, of Microphase Laboratories, Inc. ("Microphase"), an independent photomask manufacturer located in Colorado Springs, Colorado, in exchange for 197,118 shares of common stock of the Company valued at $2.4 million. The acquisition was accounted for as a purchase. Of the total purchase price, $1.5 million was allocated to Microphase's research and development projects and, accordingly, was charged to research and development expenses. The consolidated statement of earnings includes the results of the Microphase operations beginning June 20, 1995, the effective date of the acquisition. Such results were not material to the Company.

NOTE 7 - INCOME TAXES

The provision for income taxes consists of the following:

		1997	1996	1995
Current:	Federal	$11,993	$ 9,905	$10,234
	State	2,617	1,908	1,818
	Foreign	201	87	-
		14,811	11,900	12,052
Deferred:	Federal	995	918	(617)
	State	(6)	82	(225)
		989	1,000	(842)
		$15,800	$12,900	$11,210

The provision for income taxes differs from the amount computed by applying the statutory U.S. Federal income tax rate to income before taxes as a result of the following:

	1997	1996	1995
U.S. Federal income tax at statutory rate	$14,503	$11,866	$10,445
State income taxes, net of Federal benefit	1,697	1,294	1,035
Tax benefits of tax exempt income	(35)	(302)	(389)
Foreign tax rate differential	(681)	(291)	-
Other, net	316	333	119
	$15,800	$12,900	$11,210

The Company's net deferred tax liability consists of the following:

	November 2, 1997	October 31, 1996
Deferred income tax liabilities:		
Property, plant and equipment	$7,915	$3,876
Investments	2,403	3,457
Other	190	454
Total deferred tax liability	10,508	7,787
Deferred income tax assets:		
Reserves not currently deductible	2,667	1,226
Other	2,097	483
Total deferred tax asset	4,764	1,709
Net deferred tax liability	$5,744	$6,078

Cash paid for income taxes was $7.2 million, $13.0 million and $11.6 million in 1997, 1996 and 1995, respectively.

NOTE 8 - EMPLOYEE STOCK PURCHASE AND OPTION PLANS

In March 1996, the shareholders approved the adoption of the 1996 Stock Option Plan which includes provisions allowing for the award of qualified and non-qualified stock options and the granting of restricted stock awards. A total of 1.2 million shares of common stock may be issued pursuant to options or restricted stock awards granted under the Plan. Restricted stock awards do not require the payment of any cash consideration by the recipient, but shares subject to an award may be forfeited unless conditions specified in the grant are satisfied.

The Company has adopted a series of other stock option plans under which incentive and non-qualified stock options and restricted stock awards for a total of 3.6 million shares of the Company's common stock may be granted to employees and directors. All plans provide that the exercise price may not be less than the fair market value of the common stock at the date the options are granted and limit the maximum term of options granted to a range of from five to ten years.

The following table summarizes stock option activity under the plans:

	Stock Options	Exercise Prices
Balance at November 1, 1994	1,845,524	$ 0.92- 7.42
Granted	483,280	9.34-13.69
Exercised	(290,546)	0.92- 6.71
Cancelled	(78,378)	3.09-12.00
Balance at October 31, 1995	1,959,880	0.92-13.69
Granted	964,100	10.75-12.50
Exercised	(368,862)	0.92-13.69
Cancelled	(171,592)	3.09-13.69
Balance at October 31, 1996	2,383,526	1.59-13.69
Granted	275,300	14.88-21.97
Exercised	(454,042)	1.59-13.69
Cancelled	(65,006)	3.75-16.38
Balance at November 2, 1997	2,139,778	$ 1.75-21.97

The following table summarizes information concerning currently outstanding and exercisable options:

	Range of Exercise Prices		
	$1.75-$5.00	$5.00-$10.00	$10.00-$21.97
Outstanding:			
Number of options	517,528	297,106	1,325,144
Weighted average remaining years	4.7	6.8	8.7
Weighted average exercise price	$3.19	$7.41	$13.46

	Range of Exercise Prices		
	$1.75-$5.00	$5.00-$10.00	$10.00-$21.97
Exercisable:			
Number of options	517,528	154,401	262,969
Weighted average exercise price	$3.19	$6.99	$12.59

At November 2, 1997, 331,021 shares were available for grant and 934,898 shares were exercisable at a weighted average exercise price of $6.46.

The Company has not recognized compensation expense in connection with stock option grants under the plans. However, had compensation expense been determined based on the fair value of the options on the grant dates, the Company's pro forma net income and earnings per share for 1997 would have been reduced by approximately $1.5 million, or $0.06 per share, and for 1996 would have been reduced by approximately $0.3 million, or $0.01 per share. The weighted average fair value of options granted was $7.39 per share in 1997 and $5.05 per share in 1996. Fair value is estimated based on the Black-Scholes option-pricing model with the following weighted average assumptions: dividend yield of 0%; expected volatility of 50.8% in 1997 and 51.6% in 1996; risk-free interest rates of 6.4% in 1997 and 1996.

In 1997, restricted stock awards representing a total of 12,000 shares were awarded to certain outside directors. The market value of these awards amounted to $0.3 million at the date of grant and was charged to "Deferred Compensation on Restricted Stock", a component of shareholders' equity. Such amount is being amortized as compensation expense over a three-year period during which the shares under these awards are subject to forfeiture. In 1994, restricted stock awards representing a total of 157,500 shares were awarded to certain key employees. The market value of the grant amounted to $1.1 million at the date of grant and was charged to "Deferred Compensation on Restricted Stock." Such amount was amortized as compensation expense over the three-year period during which the shares under these awards were subject to forfeiture.

In 1992, the shareholders approved the Company's adoption of an Employee Stock Purchase Plan (Purchase Plan), under which 600,000 shares of common stock are reserved for issuance. The Purchase Plan enables eligible employees to subscribe, through payroll deductions, to purchase shares of the Company's common stock at a purchase price equal to 85% of the lower of the fair market value on the commencement date of the offering and the last day of the payroll payment period. At November 2, 1997, 247,950 shares had been issued and 74,298 shares were subject to outstanding subscriptions under the Purchase Plan.

NOTE 9 - EMPLOYEE BENEFIT PLANS

The Company maintains a 401(k) Savings and Profit-Sharing Plan (the "Plan") which covers all domestic employees who have completed six months of service and are eighteen years of age or older. Under the terms of the Plan, an employee may contribute up to 15% of their compensation which will be matched by the Company at 50% of the employee's contributions which are not in excess of 4% of the employee's compensation. Employee and employer contributions vest fully upon contribution. Employer contributions amounted to $0.5 million in 1997, 1996 and 1995.

The Company maintains a cafeteria plan to provide eligible domestic employees with the option to receive non-taxable medical, dental, disability and life insurance benefits. The cafeteria plan is offered to all active full-time employees and their qualifying dependents. The Company's contribution amounted to $3.0 million in 1997, $1.8 million in 1996 and $1.4 million in 1995.

The Company's foreign subsidiaries maintain benefit plans for their employees which vary by country. The obligations and cost of these plans are not significant to the Company.

NOTE 10 - LEASES

The Company leases various real estate and equipment under non-cancelable operating leases. Rental expense under such leases amounted to $4.5 million in 1997, $5.6 million in 1996 and $4.9 million in 1995. Included in such amounts were $0.1 million in each year to affiliated entities, which are owned, in part, by a significant shareholder of the Company.

Future minimum lease payments under non-cancelable operating leases with initial or remaining terms in excess of one year amounted to $8.9 million at November 2, 1997, as follows:

1998	$4,042	2001	$482
1999	2,598	2002	202
2000	1,358	Thereafter	216

Included in such future lease payments are amounts to affiliated entities of $0.1 million in each year from 1998 to 2002, and $0.2 million in years thereafter.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

The Company and a significant shareholder have jointly guaranteed a loan totaling approximately $0.5 million as of November 2, 1997, on certain real estate which is being leased by the Company. The Company is subject to certain financial covenants in connection with the guarantee.

As of November 2, 1997, the Company had capital expenditure purchase commitments outstanding of approximately $53 million.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions, including collectibility of accounts receivable, and depreciable lives and recoverability of property, plant, equipment and intangible assets. Actual results may differ from such estimates.

Financial instruments that potentially subject the Company to credit risk consist principally of trade receivables and temporary cash investments. The Company sells its products primarily to manufacturers in the semiconductor and computer industries in North America, Europe and Asia. The Company believes that the concentration of credit risk in its trade receivables is substantially mitigated by the Company's ongoing credit evaluation process and relatively short collection terms. The Company does not generally require collateral from customers. The Company establishes an allowance for doubtful accounts based upon factors surrounding the credit risk of specific customers, historical trends and other information. Historically, the Company has not incurred any significant credit related losses.

NOTE 12 - QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The following table sets forth certain unaudited quarterly financial data:

	First	Second	Third	Fourth	Year
1997:					
Net sales	$40,029	$49,034	$53,081	$55,307	$197,451
Gross profit	14,682	18,751	20,661	21,855	75,949
Net income	$ 5,325	$ 6,184	$ 6,839	$ 7,288	$ 25,636
Net income per share	$ 0.22	$ 0.25	$ 0.27	$ 0.29	$ 1.03
1996:					
Net sales	$34,668	$40,514	$42,677	$42,212	$160,071
Gross profit	13,416	15,703	16,428	16,257	61,804
Net income	$ 4,651	$ 5,267	$ 5,513	$ 5,572	$ 21,003
Net income per share	$ 0.19	$ 0.22	$ 0.23	$ 0.23	$ 0.87

NOTE 13 - SEGMENT INFORMATION

The Company operates in a single industry segment as a manufacturer of photomasks, which are high precision quartz plates containing microscopic images of electronic circuits for use in the fabrication of semiconductors. In addition to its manufacturing facilities in the United States, the Company has operations in the United Kingdom, Switzerland, Germany and Singapore. Prior to 1996, the Company had no operations outside of the United States. The Company's 1997 and 1996 net sales, operating profit and identifiable assets by geographic area were as follows:

	Net Sales	Operating Income (Loss)	Identifiable Assets
1997:			
United States	$174,043	$37,989	$288,970
Europe	12,938	180	46,586
Asia	10,470	2,235	29,656
	$197,451	$40,404	$365,212
1996:			
United States	$153,227	$32,660	$181,255
Europe and Asia	6,844	(395)	30,648
	$160,071	$32,265	$211,903

Approximately 7% of net domestic sales in 1997 were for delivery outside of the United States (14% in 1996 and 11% in 1995).

The Company's largest single customer represented approximately 23% of total net sales in 1997, 26% in 1996 and 32% in 1995.

NOTE 14 - SUBSEQUENT EVENTS

At a Special Meeting of Shareholders on November 13, 1997, an amendment to the Company's Certificate of Incorporation increasing the authorized common stock of the Company from 20 million shares to 75 million shares was approved. As a result, a two-for-one stock split effected in the form of a stock dividend, which had been authorized by the Company's Board of Directors on September 15, 1997, was paid to the shareholders of record on November 17, 1997. The stock split resulted in the issuance of 12.2 million additional shares of common stock. All applicable shares and per share amounts included in the financial statements and notes thereto have been adjusted to reflect the stock split.

On December 31, 1997, the Company acquired the internal photomask manufacturing operations of Motorola, Inc. ("Motorola") in Mesa, Arizona for $29 million in cash. The assets acquired include modern manufacturing systems, capable of supporting a wide range of photomask technologies. Additionally, the Company entered into a multi-year supply agreement whereby it will supply the photomask requirements previously provided by Motorola's internal operations. The Company will continue to operate the facility in place until it can be relocated to an independent facility in the Mesa area.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There were no disagreements on any accounting and financial disclosure matters between the Company and its independent certified public accountants for which a Form 8-K was required to be filed during the 24 months ended November 2, 1997 or for the period from November 2, 1997 to the date hereof.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information as to Directors required by Item 401 and 405 of Regulation S-K is incorporated by reference to the Company's definitive proxy statement (the "Definitive Proxy Statement") which will be filed with the Securities and Exchange Commission pursuant to Regulation 14A within 120 days after the end of the fiscal year covered by this Form 10-K. The information as to Executive Officers is included in Part I, Item 1a of this report, "Executive Officers."

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 402 of Regulation S-K is incorporated by reference to the Definitive Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by Item 403 of Regulation S-K is incorporated by reference to the Definitive Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by Item 404 of Regulation S-K is incorporated by reference to the Definitive Proxy Statement.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(A) The following documents are filed as part of this report:

1) Financial Statements

Independent Auditors' Report

Consolidated Balance Sheet at November 2, 1997 and October 31, 1996

Consolidated Statement of Earnings for the years ended November 2, 1997 and October 31, 1996 and 1995

Consolidated Statement of Shareholders' Equity for the years ended November 2, 1997 and October 31, 1996 and 1995

Consolidated Statement of Cash Flows for the years ended November 2, 1997 and October 31, 1996 and 1995

Notes to Consolidated Financial Statements

2) Financial Statement Schedules

Schedules for which provision is made in Regulation S-X of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and, therefore, have been omitted.

3) Exhibits: See Table of Exhibits, page 41.

(B) Reports on Form 8-K

No report on Form 8-K was filed by the Company during the fourth quarter of the Company's fiscal year ended November 2, 1997.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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	CONSTANTINE S. MACRICOSTAS Constantine S. Macricostas Chairman of the Board and Director	January 26, 1998

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

By	CONSTANTINE S. MACRICOSTAS Constantine S. Macricostas Chairman of the Board and Director	January 26, 1998
By	MICHAEL J. YOMAZZO Michael J. Yomazzo President, Chief Executive Officer and Director	January 26, 1998
By	ROBERT J. BOLLO Robert J. Bollo Vice President/Finance Chief Financial Officer	January 26, 1998

By	WALTER M. FIEDEROWICZ Walter M. Fiederowicz Director	January 26, 1998
By	JOSEPH A. FIORITA, JR. Joseph A. Fiorita, Jr. Director	January 26, 1998
By	YUKIO TAGAWA Yukio Tagawa Director	January 16, 1998

TABLE OF EXHIBITS

3.1 Certificate of Incorporation. (1)

3.2 By-Laws, as amended. (1)

3.3 Amendment to Certificate of Incorporation, dated March 16, 1990. (4)

3.4 Amendment to Certificate of Incorporation, dated March 16, 1995. (13)

3.5 Amendment to Certificate of Incorporation, dated November 13, 1997. *

4.1 Form of Stock Certificate. (1)

10.1 Loan Agreement, dated August 10, 1984, among the Company, Fairfield Associates, and the Connecticut Development Authority. (1)

10.2 Indenture of Trust, dated August 10, 1984, between the Connecticut Development Authority and Citytrust. (1)

10.3 Security Agreement, dated August 10, 1984, between the Company and the Connecticut Development Authority, with assignment to Citytrust, as Trustee. (1)

10.4 Lease Agreement, dated August 10, 1984, between the Company and Fairfield Associates. (1)

10.5 Guaranty Agreement, dated August 10, 1984, by the Company and Constantine Macricostas to Citytrust, as Trustee. (1)

10.6 Assumption Agreement between the Company, MC2 and the Connecticut Development Authority, dated October 15, 1992, and related Note, Mortgage and Collateral Assignment of Leases and amendments thereto. (7)

10.7 Assumption Agreement, Third Amendment to Loan Agreement and Amendment to Guaranty Photronic Labs Incorporated Project - 1984 Series, dated August 28, 1992, by and among Photronics California, Inc., Photronics Financial Services, Inc., Photronics Investment Services, Inc., Photronics Texas, Inc., the Company, Constantine Macricostas, the Connecticut Development Authority, The Chase Manhattan Bank of Connecticut, N.A. and Fairfield Associates. (7)

10.8 The Company's 1986 Amended and Restated Incentive Stock Option Plan. (2) +

10.9 Amendment #1 to the Company's 1986 Amended and Restated Incentive Stock Option Plan. (4) +

10.10 The Company's 1986 Non-Qualified Stock Option Plan, as amended. (3) +

10.11 The Company's 1988 Non-Qualified Stock Option Plan. (11) +

10.12 Amendment #1 to the Company's 1988 Non-Qualified Stock Option Plan. (4) +

10.13 Amendment to Security Agreements, dated October 31, 1988, by and among the Company, Citytrust, Constantine S. Macricostas and Mayo Associates. (11)

10.14 Amendment to Loan Agreements between the Company and the Connecticut Development Authority, dated as of June 8, 1990. (4)

10.15 Second Amendment to Loan Agreement dated as of December 20, 1991 by and among the Company, the Connecticut Development Authority and The Chase Manhattan Bank of Connecticut, N.A. (5)

10.16 Form of severance agreement between the Company and each of Messrs. Macricostas, Yomazzo and Moonan. (11) +

10.17 Lease dated as of November 1, 1989 between the Company, MC3, Inc. and Alpha-Omega Associates. (11)

10.18 Consulting Agreement, dated June 1, 1992, between Joseph Fiorita and the Company. (7) +

10.19 The Company's 1992 Stock Option Plan. (6) +

10.20 The Company's 1992 Employee Stock Purchase Plan. (6)

10.21 The Company's 1994 Employee Stock Option Plan. (9) +

10.22 Overall Agreement for Strategic Alliance, dated September 13, 1993, by an among Toppan Printing Co., Ltd. ("Toppan"), Toppan Printronics (USA), Inc. ("TPI") and Toppan Electronics (USA), Inc. ("TEI") and the Company. (8)

10.23 Asset Purchase Agreement, dated September 13, 1993, by and among the Company, Toppan and TPI. (8)

10.24 Stock Purchase Agreement, dated September 13, 1993, by and between the Company and Toppan. (8)

10.25 Technology Transfer Agreement, dated October 1, 1993, by and among the Company, Toppan and TPI. (8)

10.26 Purchase Agreement by and among Toppan, TPI and Texas Instruments Incorporated ("TI"), dated March 31, 1990, amendments thereto and related assignment to the Company dated October 1, 1993. (8)

10.27 Asset Purchase Agreement, dated October 26, 1994, by and among the Company, Hoya Micro Mask, Inc. ("Micro Mask") and Hoya Corporation USA ("Hoya"). (10)

10.28 Equipment Lease Agreement, dated December 1, 1994, by and between the Company and Micro Mask. (10)

10.29 Agreement of Sale and Purchase, dated October 26, 1994, by and between Photronics California, Inc. and Micro Mask. (10)

10.30 Continuing Guaranty of the Company, dated December 1, 1994. (10)

10.31 Continuing Guaranty of Hoya, dated December 1, 1994. (10)

10.32 Form of Agreement regarding Life Insurance between the Company and each of Messrs Macricostas, Yomazzo and Moonan. (12) +

10.33 Revolving Credit and Term Loan Agreement between the Company and Chemical Bank, dated as of March 1, 1995. (13)

10.34 The Company's 1996 Stock Option Plan. (14) +

10.35 Letter Agreement between the Company and Michael J. Yomazzo, dated October 10, 1997. *

10.36 Consulting Agreement between the Company and Michael J. Yomazzo, dated October 10, 1997. *

10.37 Consulting Agreement between the Company and Constantine S. Macricostas, dated October 10, 1997. *

10.38 Third Amendment, dated as of May 14, 1997, to the Revolving Credit and Term Loan Agreement dated as of March 1, 1995 between the Bank and the Chase Manhattan Bank. (15)

10.39 Form of Indenture between The Chase Manhattan Bank, as Trustee, and the Company relating to the 6% Convertible Subordinated Notes due June 1, 2004. (16)

21 List of Subsidiaries. *

23 Consent of Deloitte & Touche LLP. *

27 Financial Data Schedule *

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* Filed herewith.

\+ Represents a management contract or compensatory plan or arrangement required to be filed as an exhibit to this form pursuant to item 14(c) of this report.

- --------------------

(1) Filed as an exhibit to the Company's Registration Statement on Form S-1, File Number 33-11694, which was declared effective by the Commission on March 10, 1987, and incorporated herein by reference.

(2) Filed as an exhibit to the Company's Registration Statement on Form S-8, File Number 33-17405, which was declared effective on October 13, 1987, and incorporated herein by reference.

(3) Filed as an exhibit to the Company's Registration Statement on Form S-8, File Number 33-17530, which was declared effective on October 19, 1987, and incorporated herein by reference.

(4) Filed as an exhibit to the Company's Registration Statement on Form S-2, File Number 33-34772 which was declared effective by the Commission on June 22, 1990, and incorporated herein by reference.

(5) Filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 1991 and incorporated herein by reference.

(6) Filed as an exhibit to the Company's Registration Statement on Form S-8, File Number 33-47446, which was filed on April 24, 1992, and incorporated herein by reference.

(7) Filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 1992, and incorporated herein by reference.

(8) Filed as an exhibit to the Company's Current Report on Form 8-K, dated October 8, 1993, and incorporated herein by reference.

(9) Filed as an exhibit to the Company's Registration Statement on Form S-8, File Number 33-78102, which was filed on April 22, 1994, and incorporated herein by reference.

(10) Filed as an exhibit to the Company's Current Report on Form 8-K, dated December 6, 1994, and incorporated herein by reference.

(11) Filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 1993, and incorporated herein by reference.

(12) Filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended July 31, 1995, and incorporated herein by reference.

(13) Filed as an exhibit to the Company's Current Report on Form 8-K, dated March 24, 1995, and incorporated herein by reference.

(14) Filed as an exhibit to the Company's Registration Statement on Form S-8, File Number 333-02245, which was filed on April 4, 1996, and incorporated herein by reference.

(15) Filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended May 4, 1997, and incorporated herein by reference.

(16) Filed as an exhibit to the Company's Registration Statement on Form S-3, File Number 333-26009, which was declared effective by the Commission on May 22, 1997, and incorporated herein by reference.

INDEX TO EXHIBITS

		PAGE
3.5	Amendment to Certificate of Incorporation...........	
10.35	Letter Agreement between the Company and Michael J. Yomazzo..................................	
10.36	Consulting Agreement between the Company and Michael J. Yomazzo..............................	
10.37	Consulting Agreement between the Company and Constantine S. Macricostas......................	
21	List of Subsidiaries................................	
23	Consent of Deloitte & Touche LLP....................	
27	Financial Data Schedule.............................	

CERTIFICATE OF AMENDMENT

STOCK CORPORATION

Office of the Secretary of the State
30 Trinity Street/POB 150470/Hartford, CT 06115-0470/new/1-97

Space for Office Use Only

1. NAME OF CORPORATION

PHOTRONICS, INC.

2. THE CERTIFICATE OF INCORPORATION IS (check A, B or C)

XXX A. Amended

_____ B. Amended and Restated

_____ C. Restated

3. TEXT OF EACH AMENDMENT/RESTATEMENT:

RESOLVED, that the Certificate of Incorporation be amended by striking the first paragraph of Article Third in its entirety and substituting therefor the following:

3) The aggregate number of shares which the Corporation shall the authority to issue is 77,000,000 shares, of which 2,000,000 shares shall be shares of Preffered Stock having a par value of $0.01 per share (hereinafter called "Preferred Stock") and 75,000,000 shares shall be shares of Common Stock having a par value of $0.01 per share (hereinafter called "Common Stock").

The amendment shall be effective upon filing of this Certificate of Amendment with the Secretary of State.

(Please reference an 8 1/2 x 11 attachment if additional space is needed.)

4. VOTE INFORMATION (check A, B or C)

XXX A. The resolution was approved by shareholders as follows:
(set forth all voting information required by Conn. Gen. Stat. section 33-800 as amended in the space provided below)

There was only one class of shares outstanding entitled to vote on the amendment. That class was Common Stock, par value $0.01 per share, of which 12,062,368 shares were outstanding on the record date for the vote. At the meeting to vote on the amendment, 10,156,367 shares of Common Stock were indisputably present at the meeting. The vote on the amendment was 8,801,215 shares in favor of the amendment and such vote was sufficient for approval of the amendment.

The amendment was adopted by the shareholders on November 13, 1997 and by the Board of Directors on September 12, 1997.

_____ B. The amendment was adopted by the board of directors without shareholder action. No shareholder vote was required for adoption.

_____ C. The amendment was adopted by the incorporators without shareholder action. No shareholder vote was required for adoption.

5. EXECUTION

Dated this 13th day of November, 1997

JEFFREY P. MOONAN	SECRETARY	S/Jeffrey P. Moonan
Print or type name of signatory	Capacity of signatory	Signature

October 10, 1997

Mr. Michael J. Yomazzo
300 Ocean Trail Way
Jupiter, Florida 33477

Dear Mike:

It is with great pleasure that the Board of Directors extends the title and responsibility of Chief Executive Officer to you, in addition to your role as President. As CEO, you will have overall responsibility for Photronics and its future direction.

This letter is to confirm certain compensation matters with respect to your expanded role.

1) Base Salary
Your base salary has been increased to $325,000 per annum, effective on the date of your appointment.

2) Bonus Eligibility
You will be eligible upon the discretion of the Compensation Committee for an annual bonus of up to $325,000.

3) Stock Options
At the next meeting of the Compensation Committee, you will be recommended for a grant of 30,000 stock options. These options will have traditional vesting provisions. In addition, the Board considers the trading price of our shares to be reflective of the quality of your efforts and you will be recommended for an additional 50,000 stock options at the next meeting of the Compensation Committee, which options will vest in accordance with the following schedule if the share price remains above the following levels for a continuous period of twenty (20) trading days:

Share Price	Options Vesting
55.00	10,000
60.00	10,000
65.00	10,000
70.00	10,000
75.00	10,000

(All share amounts and share price targets will be adjusted for the 2-for-1 stock split which has been proposed for shareholders of record on November 17, 1997.)

4) Consulting Arrangement
We will enter into the Consulting Agreement attached as Exhibit "A".

5) Split Dollar Life Insurance
Our current split dollar life insurance arrangement will continue in accordance with our agreement.

6) Estate and Financial Planning
We will provide assistance to you to support your personal estate and financial planning.

7) Medical Coverage
To the extent permitted by law and the Company's group health policies, the Company will continue your and your spouse's eligibility for Company medical benefits after your retirement until age 65. These benefits will be extended upon the same terms and conditions as those extended to other employees of the Company. If the Company is unable to provide such coverage through its own benefit program, the Company agrees to reimburse you for the cost of obtaining any personal replacement insurance coverage.

I hope this accurately sets forth our understanding. Please acknowledge acceptance of these terms by signing in the space provided below.

Very truly yours,

JEFFREY P. MOONAN
Jeffrey P. Moonan
Senior Vice President
General Counsel

Accepted and Agreed to:

___MICHAEL J. YOMAZZO___
Michael J. Yomazzo

Date: October 10, 1997

October 10, 1997

Mr. Michael J. Yomazzo
500 Ocean Trail Way, Unit 905
Jupiter, Florida 33477

RE: Consulting Agreement

Dear Mike:

This letter confirms that Photronics, Inc. (the "Company") has agreed to retain you as a Consultant in accordance with the terms of this letter. This agreement is extended to you because of your importance as an Officer of the Company and our desire to retain your counsel after your retirement.

Accordingly, you shall be retained, and you agree to serve, as a consultant in the event you retire from the employ of the Company. For the purposes of this agreement, retirement shall also include termination of your employment for medical reasons. The consulting relationship shall commence on your date of retirement and continue as provided below (the "Consulting Period").

1) Consulting Services

You shall provide consulting services to the Company in any area of your expertise upon request by a duly authorized officer of the Company, and such services shall be provided at such times, locations (provided that travel to any location not reasonably proximate to your then current residence shall be at the expense of the Company) and by such means as reasonably required by the Company. You shall make yourself available to provide such services for up to ten (10) hours per month throughout the Consulting Period.

2) Compensation and Consulting Period

As compensation for your services during the Consulting Period, the Company agrees to provide you with consulting fees and benefits under the terms specified below:

a) Fees and Consulting Period:

(i) If you retire after August 19, 1998 and prior to August 19, 1999, the Consulting Period shall be for a period of three (3) years and the consulting fee shall be $125,000 per annum;

(ii) If you retire after August 19, 1999 and prior to August 19, 2000, the Consulting Period shall be for a period of four (4) years and the consulting fee shall be $150,000 per annum;

(iii) If you retire after August 19, 2000, the Consulting Period shall be for a period of five (5) years and the consulting fee shall be $175,000 per annum;

The Company shall pay you the applicable consulting fees (the "Consulting Fees") in equal monthly payments throughout the Consulting Period.

b) Taxes and Withholding:

As a Consultant, you will comply with all applicable State and Federal laws governing self-employed individuals, including obligations such as quarterly payment of estimated taxes, social security, disability and other contributions based on the fees paid to you by the Company under this Agreement. The Company will not withhold or make payments for State or Federal income tax or Social Security, make employment insurance or disability insurance contributions, or obtain workers' compensation insurance on your behalf. You hereby indemnify and defend the Company against any and all such taxes or contributions.

c) Death:

In the event of your death prior to termination of the Consulting Period, the Company shall pay to your estate within thirty (30) days of your death fifty percent (50%) of the Consulting Fees which would have been paid to you.

d) Acceleration of Payment:

In the event the Company sells, assigns or otherwise transfers substantially all of its assets to a third party or an unrelated third party acquires a majority of the outstanding voting securities of the Company, all remaining Consulting Fees to which you may be entitled under this Agreement shall be paid within thirty (30) days of such occurrence.

3) Limitations on Authority

You shall have no responsibilities as a Consultant to the Company other than as provided for above, and you shall not represent or purport to represent the Company in any manner whatsoever to any third party unless authorized by the Company in writing to do so.

4) Non-Competition and Non-Solicitation

You hereby agree that during the Consulting Period, you will not, without first obtaining the Company's prior written approval, directly or indirectly engage or prepare to engage in any activities in competition with the Company or accept employment, provide services to, or establish a business relationship with a business or individual engaged in or preparing to engage in competition with the Company. You are free to engage in other work or business activities during the Consulting Period so long as they are not competitive with the Company. For purposes of this paragraph, the holding of less than one percent (1%) of the outstanding voting securities of any firm or business organization in competition with the Company shall not constitute activities or services precluded by this paragraph. You also agree that through the end of the Consulting Period and for one (1) year thereafter, you will not, either directly or through others, solicit or attempt to solicit any employee or other personnel of the Company to terminate his or her relationship with the Company or to become an employee, consultant or independent contractor to or for any other person or entity. Further, you agree not to disparage the Company in any manner likely to be harmful to the Company's business reputation, or the personal or business reputation of the Company's directors, shareholders or employees. You agree that the Consulting Fees adequately compensate you for the restrictions in this paragraph.

5) Expenses

The Company agrees to reimburse you for all reasonable expenses you incur on behalf of the Company in order to fulfill your obligations hereunder; provided, however, that you must request prior authorization from the Company for such expenses.

6) Liquidated Damages / Specific Performance

You agree that it would be impracticable or extremely difficult to ascertain the amount of actual damages caused by breach of paragraph (4), Non-Competition and Non-Solicitation, of this Agreement. Therefore, you agree that, in the event of such a breach, the Company will be entitled to withhold further payments of all Consulting Fees, recover all Consulting Fees already paid to you, and obtain such injunctive and other relief as appropriate. You further agree that this liquidated damage provision represents reasonable compensation for the loss which would be incurred by the Company because of any such breach.

In the event you claim that the Company is in breach of this Agreement, in addition to any other remedies available to you, you shall be entitled to obtain specific performance of this Agreement.

In the event either party litigates enforcement of this Agreement, the prevailing party shall be entitled to recover its reasonable attorneys' fees and pre-judgment interest on amounts due but not paid. Interest shall be at a rate equal to two percent (2%) above the prime rate announced by the Company's primary lender.

None of your interests under this letter, or any right to receive any payments or distribution hereunder, shall be subject in any manner to sale, transfer, assignment, pledge, attachment, garnishment or other alienation or encumbrance of any kind, nor may such interest or right to receive a payment or distribution be taken, voluntarily or involuntarily, for the satisfaction of the obligations or debts of, or other claims against you, including claims for alimony, support, separate maintenance and claims in bankruptcy proceedings. This Agreement shall be binding on the Company and its successors and assigns.

If the foregoing accurately sets forth our Agreement, please so indicate by signing in the space provided below.

Very truly yours,

PHOTRONICS, INC.

By:____JEFFREY P. MOONAN______
Title: Senior Vice President

Agreed to and accepted by:

MICHAEL J. YOMAZZO
Michael J. Yomazzo

Date: October 10, 1997

October 10, 1997

Mr. Constantine S. Macricostas
100 Ocean Trail Way, Unit 203
Jupiter, Florida 33477

RE: Consulting Agreement

Dear Deno:

This letter confirms that Photronics, Inc. (the "Company") has agreed to retain you as a Consultant in accordance with the terms of this letter. This agreement is extended to you because of your importance as an Officer of the Company and our desire to retain your counsel after your retirement.

Accordingly, you shall be retained, and you agree to serve, as a consultant in the event you retire from the employ of the Company. In order to retire from the Company, you must be at least 55 years of age and have been employed by the Company for at least 20 years, which criteria you have satisfied. The consulting relationship shall commence on your date of retirement and continue for five (5) years (the "Consulting Period").

1) Consulting Services

You shall provide consulting services to the Company in any area of your expertise upon request by a duly authorized officer of the Company, and such services shall be provided at such times, locations (provided that travel to any location not reasonably proximate to your then current residence shall be at the expense of the Company) and by such means as reasonably required by the Company. You shall make yourself available to provide such services for up to ten (10) hours per month throughout the Consulting Period.

2) Compensation

As compensation for your services during the Consulting Period, the Company agrees to provide you with consulting fees and benefits under the terms specified below:

a) Fees:

In consideration for your consulting services, the Company will pay you consulting fees in the amount of one hundred seventy-five thousand dollars ($175,000) per year ("Consulting Fees"). The Company shall pay you the Consulting Fees in equal monthly payments of fourteen thousand five hundred eighty-three dollars and thirty-three cents ($14,583.33) throughout the Consulting Period.

b) Taxes and Withholding:

As a Consultant, you will comply with all applicable State and Federal laws governing self-employed individuals, including obligations such as quarterly payment of estimated taxes, social security, disability and other contributions based on the fees paid to you by the Company under this Agreement. The Company will not withhold or make payments for State or Federal income tax or Social Security, make employment insurance or disability insurance contributions, or obtain workers' compensation insurance on your behalf. You hereby indemnify and defend the Company against any and all such taxes or contributions.

c) Health Insurance:

To the extent permitted by law and by the Company's group health insurance policies, during the Consulting Period you and your spouse will continue to be covered by the Company's health insurance benefits until age 65. If the Company is unable to provide such coverage directly through its own benefit program, the Company agrees to reimburse you for the cost of obtaining any personal replacement insurance coverage.

3) Limitations on Authority

You shall have no responsibilities as a Consultant to the Company other than as provided for above, and you shall not represent or purport to represent the Company in any manner whatsoever to any third party unless authorized by the Company in writing to do so.

4) Non-Competition and Non-Solicitation

You hereby agree that during the Consulting Period, you will not, without first obtaining the Company's prior written approval, directly or indirectly engage or prepare to engage in any activities in competition with the Company or accept employment, provide services to, or establish a business relationship with a business or individual engaged in or preparing to engage in competition with the Company. You are free to engage in other work or business activities during the Consulting Period so long as they are not competitive with the Company. For purposes of this paragraph, the holding of less than one percent (1%) of the outstanding voting securities of any firm or business organization in competition with the Company shall not constitute activities or services precluded by this paragraph. You also agree that through the end of the Consulting Period and for one (1) year thereafter, you will not, either directly or through others, solicit or attempt to solicit any employee or other personnel of the Company to terminate his or her relationship with the Company or to become an employee, consultant or independent contractor to or for any other person or entity. Further, you agree not to disparage the Company in any manner likely to be harmful to the Company's business reputation, or the personal or business reputation of the Company's directors, shareholders or employees. You agree that the

Consulting Fees adequately compensate you for the restrictions in this paragraph.

5) Expenses

The Company agrees to reimburse you for all reasonable expenses you incur on behalf of the Company in order to fulfill your obligations hereunder; provided, however, that you must request prior authorization from the Company for such expenses.

6) Liquidated Damages / Specific Performance

a) You agree that it would be impracticable or extremely difficult to ascertain the amount of actual damages caused by breach of paragraph (4), Non-Competition and Non-Solicitation, of this Agreement. Therefore, you agree that, in the event of such a breach, the Company will be entitled to withhold further payments of all Consulting Fees, recover all Consulting Fees already paid to you, and obtain such injunctive and other relief as appropriate. You further agree that this liquidated damage provision represents reasonable compensation for the loss which would be incurred by the Company because of any such breach.

b) In the event you claim that the Company is in breach of this Agreement, in addition to any other remedies available to you, you shall be entitled to obtain specific performance of this Agreement.

c) In the event either party litigates enforcement of this Agreement, the prevailing party shall be entitled to recover its reasonable attorneys' fees and pre-judgment interest on amounts due but not paid. Interest shall be at a rate equal to two percent (2%) above the prime rate announced by the Company's primary lender.

None of your interests under this letter, or any right to receive any payments or distribution hereunder, shall be subject in any manner to sale, transfer, assignment, pledge, attachment, garnishment or other alienation or encumbrance of any kind, nor may such interest or right to receive a payment or distribution be taken, voluntarily or involuntarily, for the satisfaction of the obligations or debts of, or other claims against you, including claims for alimony, support, separate maintenance and claims in bankruptcy proceedings.

If the foregoing accurately sets forth our Agreement, please so indicate by signing in the space provided below.

Very truly yours,

PHOTRONICS, INC.

By:____JEFFREY P. MOONAN______
Title: Senior Vice President

Agreed to and accepted by:

CONSTANTINE S. MACRICOSTAS
Constantine S. Macricostas

LIST OF SUBSIDIARIES

Name	State or Jurisdiction of Incorporation
Photronics International Engineering, Inc.	Virgin Islands
Photronics California, Inc.	California
Photronics Texas, Inc.	Texas
Photronics Financial Services, Inc.	Florida
Photronics Investment Services, Inc.	Nevada
Photronics-Toppan Texas, Inc.	Texas
Beta Squared, Inc.	Connecticut
PLI Management Corp.	Florida
Photronics Singapore Pte Ltd.	Singapore
Photronics (UK) Limited	England
Photronics Connecticut, Inc.	Connecticut
Photronics Colorado, Inc.	Colorado
Photronics, S.A.	Switzerland
Chip Canal Associates, Ltd.	England
Photronics Germany GmbH	Germany
Photronics MZD GmbH	Germany
Photronics Arizona, Inc.	Arizona
Photronics Oregon, Inc.	Oregon

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statements Nos. 333-02245, 33-17405, 33-17530, 33-28118, 33-47446 and 33-78102 of Photronics, Inc. on Form S-8 of our report dated December 8, 1997 appearing in this Annual Report on Form 10-K of Photronics, Inc. for the year ended November 2, 1997.

DELOITTE & TOUCHE LLP
Hartford, Connecticut
January 26, 1997

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This schedule contains summary financial information extracted from the
Condensed Consolidated Statement of Earnings and the Consolidated Balance Sheet
and is qualified in its entirety by reference to such financial statements.

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NOV-2-1997
NOV-2-1997
57,845
28,189
34,798
235
11,302
138,937
275,713
71,900
365,212
57,539
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