

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

**FORM 8-K**

**CURRENT REPORT**  
**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of report (Date of earliest event reported) December 10, 2002

PHOTRONICS, INC.

(Exact name of registrant as specified in its charter)

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

<u>1061 East Indiantown Road, Jupiter, FL</u>	<u>33477</u>
(Address of Principal Executive Offices)	(Zip Code)

Registrant's Telephone Number, including area code (561) 745-1222

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

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**Item 5. Other Events**

On December 10, 2002, Photronics, Inc. issued a press release reporting sales and operating results for the fourth quarter and fiscal year ended November 3, 2002. A copy of the press release is attached as an exhibit to this Form 8-K.

**Item 7. Financial Statements and Exhibits**

(c) Exhibits

99.1 Press Release dated December 10, 2002.

**SIGNATURES**

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

PHOTRONICS, INC.

(Registrant)

DATE: December 10, 2002

BY: /s/ Sean T. Smith

Sean T. Smith  
Vice President, Chief Financial Officer

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PHOTRONICS, INC.

**EXHIBIT INDEX**

**Exhibit No.**

**Subject Matter**

99.1

Press Release dated December 10, 2002.

**For Further Information:**

Michael W. McCarthy  
VP- Corporate Communications  
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Account Director  
MCA  
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EMBARGO UNTIL 4:30 p.m. EASTERN TIME  
December 10, 2002

**Photronics Reports Fiscal 2002 Fourth Quarter Results  
Revenues for Fiscal Year are a Record \$387 Million**

BROOKFIELD, Connecticut December 10, 2002 -- Photronics, Inc. (Nasdaq:PLAB), the leading worldwide sub-wavelength reticle solutions supplier, today reported sales and operating results for the fourth quarter and fiscal year ended November 3, 2002.

Sales for the quarter were \$90.1 million, down approximately 4%, compared to \$93.8 million for the fourth quarter of fiscal 2001. Sequentially, sales decreased approximately 8% from the \$98.1 million reported in the third quarter of fiscal 2002, primarily as a result of softening demand for reticle technology among the Company's global customer base. During the quarter, revenues from 0.18 micron and below photomask technologies accounted for approximately 23% of total sales. The Company reported a net loss of \$10.3 million, or \$0.32 per share, for the fourth quarter of fiscal 2002, which included the after tax effect of two previously announced items: a consolidation charge of \$10.0 million, or \$0.31 per share, resulting from the closure of certain manufacturing operations and workforce reduction; and a net gain of \$1.7 million, or \$0.05 per share, from the repurchase of a portion of the Company's 6% convertible subordinated notes. This compares with net income of \$2.0 million, or \$0.07 per diluted share for the fourth quarter of fiscal 2001. Excluding the after tax effect of the consolidation charges and the net gain from the repurchase of notes, the net loss for the fourth quarter of fiscal 2002 was \$2.0 million, or \$0.06 per share.

Sales for fiscal 2002 were \$386.9 million, an increase of 2.3% compared with the \$378.0 million for fiscal 2001. The Company reported a net loss of \$4.9 million, or \$0.16 per share in fiscal 2002 compared to a net loss of \$4.0 million, or \$0.13 per share in fiscal 2001. Net income for fiscal 2002, excluding the after tax effect of the two previously announced items, decreased to \$3.4 million, or \$0.11 per share, compared to net income in fiscal 2001, before consolidation and related charges of \$22.1 million, or \$0.74 per share. During fiscal 2001, the Company recorded an after tax consolidation charge of \$26.1 million, or \$0.87 per share.

Dan Del Rosario, Chief Executive Officer stated, "Photronics will continue to move decisively in an effort to maximize its competitive position, profitability and capital efficiency. While semiconductor manufacturers and designers have struggled with their transition to 130 nanometer and below technologies, we have substantially completed an aggressive technology build out necessary to service their advanced photomask technology needs in Asia, Europe and North America. In addition to servicing our existing customers, we have been able to qualify new customers where our advanced photomask technology is proving critical to their hard fought success." He added, "We believe that by any meaningful manufacturing and service metric, our team performed extraordinarily. Photronics chose a path of action designed to match its infrastructure with the demands of its customers. We believe this strategy will afford the Company significant operating leverage when demand begins trending up and product pricing improves from the bottom we believed has formed during the second half of the past year. In such an environment, we believe that we will be able to generate improved financial results and increases in shareholder value."

A conference call with investors and the media can be accessed by logging onto Photronics' web site at [www.photronics.com](http://www.photronics.com), then clicking on the Conference Calls button, or by dialing in at (706) 634-5086. The call is scheduled for 8:30 a.m. Eastern Time on Wednesday, December 11th and will be archived on the web site for instant replay access until the Company reports its fiscal 2003 first quarter results in February 2003.

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Photronics is a leading worldwide manufacturer of photomasks. Photomasks are high precision quartz plates that contain microscopic images of electronic circuits. A key element in the manufacture of semiconductors, photomasks are used to transfer circuit patterns onto semiconductor wafers during the fabrication of integrated circuits. They are produced in accordance with circuit designs provided by customers at strategically located manufacturing facilities in Asia, Europe, and North America. Additional information on the Company can be accessed at [www.photronics.com](http://www.photronics.com).

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: Certain statements in this release are considered "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All forward-looking statements involve risks and uncertainties. In particular, any statement contained in this release regarding the consummation and benefits of future acquisitions, expectations with respect to future sales, financial performance, operating efficiencies and product expansion, are subject to known and unknown risks, uncertainties and contingencies, many of which are beyond the control of the Company. These factors may cause actual results, performance or achievements to differ materially from anticipated results, performances or achievements. Factors that might affect such forward looking statements include, but are not limited to, overall economic and business conditions; the demand and receipt of orders for the Company's products; competitive factors in the industries and geographic markets in which the Company competes; changes in federal, state and foreign tax requirements (including tax rate changes, new tax laws and revised tax law interpretations); the Company's ability to place new equipment in service on a timely basis; interest rate fluctuations and other capital market conditions, including foreign currency rate fluctuations; economic and political conditions in international markets; the ability to obtain a new bank facility or other financings; the ability to achieve anticipated synergies and other cost savings in connection with acquisitions and productivity programs; the timing, impact and other uncertainties of future acquisitions and investments; the seasonal and cyclical nature of the semiconductor industry; the availability of capital; management changes; damage or destruction to our facilities by natural disasters, labor strikes, political unrest or terrorist activity; the ability to fully utilize its tools; the ability of the Company to receive desired yields, pricing, product mix, and market acceptance of its products; changes in technology; and other risks and uncertainties set forth in the Company's SEC filings from time to time. Any forward-looking statements should be considered in light of these factors. The Company assumes no obligation to update the information in this release.

PHOTRONICS, INC. AND SUBSIDIARIES

Consolidated Condensed Balance Sheets  
(in thousands)

	November 3, 2002	October 31, 2001
<b>Assets</b>		
Current assets:		
Cash, cash equivalents and short-term investments of \$15,148 in 2002	\$ 129,092	\$ 34,684
Accounts receivable	62,545	70,704
Inventories	19,948	21,492
Other current assets	37,475	24,516
Total current assets	249,060	151,396
Property, plant and equipment, net	443,860	402,776
Intangible assets, net	121,217	93,199
Investments and other assets	18,305	13,327
	\$ 832,442	\$ 660,698
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Current portion of long-term debt	\$ 10,649	\$ 33,918
Accounts payable	57,401	37,142
Other accrued liabilities	38,982	31,604
Total current liabilities	107,032	102,664
Long-term debt	296,785	188,021
Deferred income taxes and other liabilities	44,539	37,842
Minority interest	44,971	45,010
Shareholders' equity	339,115	287,161
	\$ 832,442	\$ 660,698

PHOTRONICS, INC. AND SUBSIDIARIES

Consolidated Condensed Statements of Operations

(in thousands, except per share amounts)

	Three Months Ended		Year Ended	
	November 3, 2002	October 31, 2001	November 3, 2002	October 31, 2001
Net sales	\$ 90,058	\$ 93,824	\$ 386,871	\$ 377,969
Costs and expenses:				
Cost of sales	67,386	66,239	276,451	254,272
Selling, general and administrative	14,398	14,168	57,973	53,758
Research and development	7,878	6,622	30,154	24,858
Consolidation, restructuring and related charges	14,500 <sup>(a)</sup>	-	14,500 <sup>(a)</sup>	38,100 <sup>(c)</sup>
Operating income (loss)	(14,104) <sup>(a)</sup>	6,795	7,793 <sup>(a)</sup>	6,981 <sup>(c)</sup>
Other expenses, net	(2,039) <sup>(b)</sup>	(2,609)	(13,291) <sup>(b)</sup>	(9,302)
Income (loss) before income taxes and minority interest	(16,143) <sup>(a)</sup>	4,186	(5,498) <sup>(a)</sup>	(2,321) <sup>(c)</sup>
Income tax provision (benefit)	(7,419) <sup>(a)</sup>	1,000	(7,019) <sup>(a)</sup>	(3,000) <sup>(c)</sup>

Income (loss) before minority interest	(8,724) <sup>(a)</sup>	3,186	1,521 <sup>(a)</sup>	679 <sup>(c)</sup>
Minority interest	(1,584)	(1,200)	(6,378)	(4,705)
Net income (loss)	<u>\$ (10,308) <sup>(a)</sup></u>	<u>\$ 1,986</u>	<u>\$ (4,857) <sup>(a)</sup></u>	<u>\$ (4,026) <sup>(c)</sup></u>
Earnings (loss) per share:				
Basic	<u>\$ (0.32) <sup>(a)</sup></u>	<u>\$ 0.07</u>	<u>\$ (0.16) <sup>(a)</sup></u>	<u>\$ (0.13) <sup>(c)</sup></u>
Diluted	<u>\$ (0.32) <sup>(a)</sup></u>	<u>\$ 0.07</u>	<u>\$ (0.16) <sup>(a)</sup></u>	<u>\$ (0.13) <sup>(c)</sup></u>
Weighted average number of				
common shares outstanding:				
Basic	<u>32,022</u>	<u>30,080</u>	<u>31,278</u>	<u>29,919</u>
Diluted	<u>32,022</u>	<u>30,506</u>	<u>31,278</u>	<u>29,919</u>

(a) Includes consolidation charges incurred in the fourth quarter of 2002 of \$14.5 million (\$10.0 million after tax or \$.31 per share for the fourth quarter, \$.32 per share for the year) in connection with the Company's closing its manufacturing facility in Milpitas, California and the reduction of it's North American work force

(b) Includes a net gain in the fourth quarter of 2002 of \$2.6 million (\$1.7 million after tax or \$.05 per share) from the repurchase of a portion of the Company's 6% convertible subordinated notes

(c) Includes consolidation charges incurred in the second quarter of 2001 of \$38.1 million (\$26.1 million after tax or \$.87 per share) in connection with the Company's merger with Align-Rite International Inc. and subsequent consolidation of facilities in California Florida and Germany

## PHOTRONICS, INC. AND SUBSIDIARIES

### Consolidated Condensed Statements of Cash Flows

(in thousands)

	Year Ended	
	November 3, 2002	October 31, 2001
Cash flows from operating activities:		
Net loss	\$ (4,857)	\$ (4,026)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	83,187	72,975
Deferred taxes and other	6,558	(6,662)
Consolidation, restructuring and related charges	14,500	38,100
Changes in assets and liabilities	37,014	13,192
Net cash provided by operating activities	<u>136,402</u>	<u>113,579</u>
Cash flows from investing activities:		
Investment in photomask operations	-	(48,864)
Deposits on and purchases of property, plant and equipment	(126,462)	(48,670)
Purchases of investments	(15,148)	-
Other	880	(1,026)
Net cash used in investing activities	<u>(140,730)</u>	<u>(98,560)</u>
Cash flows from financing activities:		
Repayment of long-term debt, net	(115,467)	(24,828)
Proceeds from issuance of common stock	4,883	7,817
Issuance of convertible debt, net	193,237	-
Net cash provided by (used in) financing activities	<u>82,653</u>	<u>(17,011)</u>
Effect of exchange rate changes on cash flows	935	(1,506)

Net Increase (decrease) in cash and cash equivalents	79,260	(3,498)
Cash and cash equivalents, beginning of year	34,684	38,182
Cash and cash equivalents, end of year	<u>\$ 113,944</u>	<u>\$ 34,684</u>