

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

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**FORM 8-K**

**CURRENT REPORT**

**Pursuant To Section 13 Or 15(d) Of The Securities Exchange Act Of 1934**



Date of report (Date of earliest event reported) February 16, 2010

PHOTRONICS, INC.

(Exact name of registrant as specified in its charter)

Connecticut

(State or other jurisdiction  
of incorporation)

0-15451

(Commission  
File Number)

06-0854886

(IRS Employer  
Identification Number)

15 Secor Road, Brookfield, CT

(Address of Principal Executive Offices)

06804

(Zip Code)

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

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 2.02 Results of Operations and Financial Condition**

On February 16, 2010, the Company issued a press release reporting first quarter fiscal 2010 results. A copy of the press release is attached to this 8-K.

**Item 9.01 Financial Statements and Exhibits**

(d) Exhibits

- 99.1 Press Release dated February 16, 2010
  - 99.2 Condensed Consolidated Statements of Operations
  - 99.3 Condensed Consolidated Balance Sheets
  - 99.4 Condensed Consolidated Statements of Cash Flows
  - 99.5 Reconciliation of GAAP to Pro Forma Financial Information
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**SIGNATURES**

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

**PHOTRONICS, INC.**

(Registrant)

**DATE:** February 16, 2010

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

Richelle E. Burr

Vice President, General Counsel

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PHOTRONICS, INC.

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**FOR FURTHER INFORMATION:**

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

## ***Press Release***

FOR IMMEDIATE RELEASE

February 16, 2010

### **PHOTRONICS REPORTS FIRST QUARTER RESULTS**

#### **First Quarter Highlights**

- Sales of \$98.2 million versus guidance of \$91 - \$96 million.
- Pro forma earnings per share of \$0.01 versus guidance of \$(0.08) - \$(0.03) loss per share
- High-end IC photomask sales increased 22% sequentially
- High-end and FPD photomask sales increased 13% sequentially

BROOKFIELD, Connecticut February 16, 2010 -- Photronics, Inc. (Nasdaq:PLAB), a worldwide leader in supplying innovative imaging technology solutions for the global electronics industry, today reported fiscal 2010 first quarter results for the period ended January 31, 2010.

Sales for the first quarter were \$98.2 million, an increase of 12% compared to \$88.0 million for the first quarter of fiscal year 2009. Sales of semiconductor photomasks accounted for \$74.5 million, or 75.9% of revenues during the first quarter of fiscal 2010, and sales of flat panel display (FPD) photomasks accounted for \$23.7 million, or 24.1% of revenues. GAAP net income attributable to Photronics, Inc. for the first quarter of fiscal year 2010 was \$0.2 million, or \$0.00 earnings per diluted share, compared to net loss attributable to Photronics, Inc. of \$10.2 million, or \$0.25 loss per share for the first quarter of fiscal 2009.

Pro forma net income attributable to Photronics, Inc. for the first quarter of 2010 was \$0.6 million or \$0.01 earnings per diluted share as compared to pro forma net loss attributable to Photronics, Inc. of \$8.9 million or \$0.21 loss per share for the first quarter of 2009. The section below entitled "*Non-GAAP Financial Measures*" provides a definition and information about the use of pro forma financial measures in this press release and the attached financial supplement reconciles pro forma financial information with Photronics, Inc.'s financial results under GAAP.

Constantine ("Deno") Macricostas, Photronics' chairman and chief executive officer commented, "First quarter sales improved sequentially in what is normally a slow period seasonally and marked the sixth consecutive quarterly increase of high-end integrated circuit photomask sales. Improvement in sales of both high-end flat panel display and integrated circuit photomasks confirms the continued success of our market penetration strategy," concluded Macricostas.

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## Non-GAAP Financial Measures

Pro forma net income (loss) attributable to Photronics, Inc. and pro forma earnings (loss) per share are “non-GAAP financial measures,” as such term is defined by the Securities and Exchange Commission, and may differ from non-GAAP financial measures used by other companies. Photronics, Inc. believes that pro forma net income (loss) attributable to Photronics, Inc. and pro forma earnings (loss) per share that exclude certain non-cash or non-recurring income or expense items are useful for analysts and investors to evaluate Photronics, Inc.’s future on-going performance because they enable a more meaningful comparison of Photronics, Inc.’s projected earnings and performance with its historical results from prior periods. These pro forma metrics, in particular pro forma net income (loss) attributable to Photronics, Inc. and pro forma earnings (loss) per share, are not intended to represent funds available for Photronics, Inc.’s discretionary use and are not intended to represent or be used as a substitute for operating income (loss), net income (loss) or cash flows from operations data as measured under GAAP. The items excluded from these pro forma metrics, but included in the calculation of their closest GAAP equivalent, are significant components of consolidated statements of operations and must be considered in performing a comprehensive assessment of overall financial performance. Pro forma financial information is adjusted for the following items:

- Consolidation and restructuring charges are excluded because they are not a part of ongoing operations
- Impact of financing expenses related to warrants are excluded because they do not affect cash earnings

The presentation of this financial information should not be considered in isolation or as a substitute for the financial information prepared and presented in accordance with generally accepted accounting principles in the United States. The attached financial supplement reconciles pro forma financial information with Photronics, Inc.’s financial results under GAAP.

A conference call with investors and the media to discuss these results is scheduled for 8:30 a.m. Eastern time on Wednesday, February 17, 2010. The live dial-in number is 913-312-0651. The call can also be accessed by logging onto Photronics’ web site at [www.photronics.com](http://www.photronics.com).

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

The Private Securities Litigation Reform Act of 1995 provides a “safe harbor” for forward-looking statements made by or on behalf of Photronics, Inc. and its subsidiaries (the Company). The forward-looking statements contained in this press release and other parts of Photronics’ web site involve risks and uncertainties that may affect the Company’s operations, markets, products, services, prices, and other factors as discussed in filings with the U. S. Securities and Exchange Commission (SEC). These risks and uncertainties include, but are not limited to, economic, competitive, legal, governmental, and technological factors. Accordingly, there is no assurance that the Company’s expectations will be realized. The Company assumes no obligation to provide revisions to any forward-looking statements.

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**PHOTRONICS, INC. AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Operations**  
(in thousands, except per share amounts)  
(Unaudited)

	<b>Three Months Ended</b>	
	<b>January 31, 2010</b>	<b>February 1, 2009</b>
Net sales	\$ 98,197	\$ 88,042
Costs and expenses:		
Cost of sales	(80,020)	(77,483)
Selling, general and administrative	(10,149)	(10,402)
Research and development	(3,954)	(3,624)
Consolidation, restructuring and related charges	(193)	(1,680)
Operating income (loss)	3,881	(5,147)
Other income (expense), net	(2,453)	(3,623)
Income (loss) before income taxes	1,428	(8,770)
Income tax provision	(1,020)	(1,197)
Net income (loss)	408	(9,967)
Net income attributable to noncontrolling interests	(195)	(266)
Net income (loss) attributable to Photonics, Inc.	<u>\$ 213</u>	<u>\$ (10,233)</u>
Earnings (loss) per share:		
Basic	\$ 0.00	\$ (0.25)
Diluted	\$ 0.00	\$ (0.25)
Weighted average number of common shares outstanding:		
Basic	53,102	41,723
Diluted	<u>54,824</u>	<u>41,723</u>

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

(in thousands)

(Unaudited)

	January 31, 2010	November 1, 2009
<b><u>Assets</u></b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 84,401	\$ 88,539
Accounts receivable	72,860	66,920
Inventories	15,806	14,826
Other current assets	11,407	9,712
<b>Total current assets</b>	<b>184,474</b>	<b>179,997</b>
Property, plant and equipment, net	354,401	347,889
Investment in joint venture	60,923	60,945
Intangibles, net	53,510	55,054
Other assets	19,149	19,771
	<b>\$ 672,457</b>	<b>\$ 663,656</b>
<b><u>Liabilities and Equity</u></b>		
<b>Current liabilities:</b>		
Current portion of long-term borrowings	\$ 11,376	\$ 10,301
Accounts payable and accrued liabilities	84,414	80,154
<b>Total current liabilities</b>	<b>95,790</b>	<b>90,455</b>
Long-term borrowings	107,548	112,137
Deferred income taxes and other liabilities	10,680	11,368
<b>Equity</b>	<b>458,439</b>	<b>449,696</b>
	<b>\$ 672,457</b>	<b>\$ 663,656</b>

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

	<b>Three Months Ended</b>	
	<b>January 31, 2010</b>	<b>February 1, 2009</b>
<b>Cash flows from operating activities:</b>		
Net income (loss)	\$ 408	\$ (9,967)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	22,424	21,725
Consolidation, restructuring and related charges	-	1,680
Changes in assets and liabilities and other	(6,417)	(5,449)
<b>Net cash provided by operating activities</b>	<b>16,415</b>	<b>7,989</b>
<b>Cash flows from investing activities:</b>		
Purchases of property, plant and equipment	(21,457)	(12,789)
Deposit on sale of facility	4,190	-
Increase in restricted cash	(1,250)	-
Proceeds from sales of investments and other	43	858
<b>Net cash used in investing activities</b>	<b>(18,474)</b>	<b>(11,931)</b>
<b>Cash flows from financing activities:</b>		
Repayments of long-term borrowings	(7,250)	(3,607)
Proceeds from customer advance	3,822	-
Payments of deferred financing fees	-	(1,913)
Other	30	-
<b>Net cash used in financing activities</b>	<b>(3,398)</b>	<b>(5,520)</b>
Effect of exchange rate changes on cash	1,319	(2,792)
<b>Net decrease in cash and cash equivalents</b>	<b>(4,138)</b>	<b>(12,254)</b>
Cash and cash equivalents, beginning of period	88,539	83,763
<b>Cash and cash equivalents, end of period</b>	<b>\$ 84,401</b>	<b>\$ 71,509</b>
<b>Supplemental disclosure of cash flow information:</b>		
Change in accrual for purchases of property, plant and equipment	\$ (227)	\$ (11,204)



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

	<b>Three Months Ended</b>	
	<b>January 31, 2010</b>	<b>February 1, 2009</b>
<b>Reconciliation of GAAP to Pro Forma Net Income (Loss)</b>		
GAAP net income (loss) attributable to Photronics, Inc.	\$ 213	\$ (10,233)
<b>(a)</b> Consolidation and restructuring charges, net of tax	193	1,335
<b>(b)</b> Impact of warrants, net of tax	220	-
Pro forma net income (loss) attributable to Photronics, Inc.	<u>\$ 626</u>	<u>\$ (8,898)</u>
Weighted average number of diluted shares outstanding	54,824	41,723
<b>Earnings (loss) per diluted share</b>		
GAAP	\$ -	\$ (0.25)
Pro forma	<u>\$ 0.01</u>	<u>\$ (0.21)</u>

**(a)** Includes charges related to restructurings in China and United Kingdom.

**(b)** Represents financing expenses related to warrants, which are recorded in other income (expense).

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